

Justice and Public Safety Cabinet

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	621,153,200	680,180,400	512,814,400	547,471,700
Continuing Appropriation			42,900	
Total General Fund	621,153,200	680,180,400	512,857,300	547,471,700
Tobacco Settlement-Phase I				
Tobacco Settlement - I	2,226,800	2,222,700	2,226,800	2,222,700
Continuing Appropriation			85,700	
Total Tobacco Settlement-Phase I	2,226,800	2,222,700	2,312,500	2,222,700
Restricted Funds				
Balance Forward	18,588,800	17,316,700	26,281,500	8,637,200
Current Receipts	42,991,900	44,984,100	42,326,500	47,507,000
Non-Revenue Receipts	49,314,400	51,989,200	50,483,100	53,618,400
Fund Transfers			-21,252,500	-6,660,600
Total Restricted Funds	110,895,100	114,290,000	97,838,600	103,102,000
Federal Funds				
Balance Forward	532,900	556,600	532,900	505,900
Current Receipts	53,953,100	51,436,700	51,850,100	46,976,500
Non-Revenue Receipts	921,600	50,000	1,365,800	50,000
Total Federal Funds	55,407,600	52,043,300	53,748,800	47,532,400
Road Fund				
Regular Appropriation	47,795,300	48,575,700	52,465,700	42,768,100
Total Road Fund	47,795,300	48,575,700	52,465,700	42,768,100
TOTAL SOURCE OF FUNDS	837,478,000	897,312,100	719,222,900	743,096,900
EXPENDITURES BY CLASS				
Personnel Cost	482,066,600	525,906,900	397,943,400	406,787,300
Operating Expenses	101,682,100	101,812,300	91,172,300	92,669,800
Grants, Loans or Benefits	205,277,700	209,814,300	207,910,200	220,128,500
Debt Service	13,152,300	22,056,300	2,795,600	4,166,500
Capital Outlay	12,125,000	9,108,700	8,168,100	7,266,600
Construction	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL EXPENDITURES	816,303,700	870,698,500	709,989,600	733,018,700
EXPENDITURES BY FUND SOURCE				
General Fund	621,153,200	680,187,600	512,857,300	547,471,700
Tobacco Settlement-Phase I	2,226,800	2,222,700	2,312,500	2,222,700
Restricted Funds	93,578,400	93,886,200	89,111,200	93,568,700
Federal Funds	51,691,300	45,945,100	53,242,900	46,987,500
Road Fund	47,795,300	48,575,700	52,465,700	42,768,100
TOTAL EXPENDITURES	816,445,000	870,817,300	709,989,600	733,018,700
EXPENDITURES BY UNIT				
Justice Administration	27,187,800	25,159,700	27,032,900	27,836,300
Criminal Justice Training	44,523,600	47,734,400	41,250,100	44,293,800
Juvenile Justice	124,832,900	132,791,500	111,619,300	110,208,600
State Police	159,183,800	168,535,900	132,990,200	134,848,200
Corrections	405,449,000	435,607,200	346,112,500	364,705,000
Vehicle Enforcement	16,739,300	17,692,000	17,452,800	17,509,600
Public Advocacy	38,528,600	43,296,600	33,531,800	33,617,200
TOTAL EXPENDITURES	816,445,000	870,817,300	709,989,600	733,018,700

The Kentucky Justice Cabinet was created in 1974 pursuant to KRS 15A.010. The Cabinet was initially renamed the Justice and Public Safety Cabinet pursuant to Executive Order 2004-734 on July 9, 2004, as well as subsequently by Executive Order 2005-566 on June 16, 2005. The Department of Public Advocacy was transferred from the Environmental and Public Protection Cabinet and Kentucky Vehicle Enforcement from the Transportation Cabinet in July 2004 and placed under the Justice and Public Safety Cabinet. Additionally, the Office of Drug Control Policy was created within the Justice and Public Safety Cabinet. The Cabinet is now comprised of seven departments: Department of Justice Administration, Department of State Police, Department of Juvenile Justice, Department of Criminal Justice Training, Department of Corrections, Department of Public Advocacy, and Department of Vehicle Enforcement.

Justice and Public Safety Cabinet
Justice Administration

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	12,181,500	13,056,900	10,796,400	13,333,500
Total General Fund	12,181,500	13,056,900	10,796,400	13,333,500
Tobacco Settlement-Phase I				
Tobacco Settlement - I	2,226,800	2,222,700	2,226,800	2,222,700
Continuing Appropriation			85,700	
Total Tobacco Settlement-Phase I	2,226,800	2,222,700	2,312,500	2,222,700
Restricted Funds				
Balance Forward	788,700	758,300	642,300	110,100
Current Receipts			-184,700	-184,700
Non-Revenue Receipts	925,700	941,500	1,821,900	3,621,900
Fund Transfers			-150,000	
Total Restricted Funds	1,714,400	1,699,800	2,129,500	3,547,300
Federal Funds				
Balance Forward	50,700	50,700	50,700	
Current Receipts	14,983,100	14,428,600	11,533,900	8,837,100
Non-Revenue Receipts			320,000	
Total Federal Funds	15,033,800	14,479,300	11,904,600	8,837,100
TOTAL SOURCE OF FUNDS	31,156,500	31,458,700	27,143,000	27,940,600
EXPENDITURES BY CLASS				
Personnel Cost	8,761,600	9,389,400	9,541,500	9,532,600
Operating Expenses	3,337,500	3,085,100	2,631,200	3,776,300
Grants, Loans or Benefits	15,078,000	12,696,500	14,831,600	14,498,300
Capital Outlay	28,600	29,100	28,600	29,100
TOTAL EXPENDITURES	27,205,700	25,200,100	27,032,900	27,836,300
EXPENDITURES BY FUND SOURCE				
General Fund	12,181,500	13,064,100	10,796,400	13,333,500
Tobacco Settlement-Phase I	2,226,800	2,222,700	2,312,500	2,222,700
Restricted Funds	956,100	946,800	2,019,400	3,443,000
Federal Funds	11,823,400	8,926,100	11,904,600	8,837,100
TOTAL EXPENDITURES	27,187,800	25,159,700	27,032,900	27,836,300
EXPENDITURES BY UNIT				
Secretary	4,314,000	4,498,800	5,951,600	7,263,600
Medical Examiner Program	4,590,500	4,697,700	3,724,000	3,582,800
Parole Board	2,050,000	2,293,400	1,460,100	1,630,500
Grants	12,072,900	9,497,900	11,768,200	9,340,200
Criminal Justice Council	571,900	587,500	184,800	184,800
Office of Drug Control Policy	3,588,500	3,584,400	3,944,200	5,834,400
TOTAL EXPENDITURES	27,187,800	25,159,700	27,032,900	27,836,300

The Department of Justice Administration is comprised of the Office of the Secretary, Office of Investigations, Office of Management and Administrative Services, Office of Legal Services, Office of Legislative and Intergovernmental Services, Kentucky State Parole Board, and Kentucky State Medical Examiner (Office of Forensic Technology). Justice Administration is responsible for the overall administration of the Justice and Public Safety Cabinet, coordinating the activities of the various departments, boards, and branches.

The Office of the Secretary includes the Secretary, Deputy Secretaries, Office of Investigations, Office of Legal Services, and Office of Management and Administrative Services for the Justice and Public Safety Cabinet. The Office is responsible for the overall administration of the Cabinet, provision of legal services, development of legislation, regulation, policy, and coordination of activities within and among the Cabinet departments and agencies.

The Office of Management and Administrative Services is responsible for communications, personnel, budget and fiscal policy, and information technology coordination.

The Office of Legislative and Intergovernmental Services, Criminal Justice Council, established in KRS 15A.040, advises and recommends to the Governor and the General Assembly policies and direction for long-range planning regarding all elements of the criminal justice system. The Council has representatives from: law enforcement, the judiciary, corrections, prosecution bar, defense bar, legislature, professional associations, crime victims, victim advocates, and universities. The Secretary of the Justice Cabinet serves ex-officio as Chair of the Council. The Council carries out criminal justice planning for the Executive, Legislative, and Judicial Branches of government.

The Office of Legislative and Intergovernmental Services, Grants Management Branch, was created in conjunction with the establishment of the Criminal Justice Council. As stated in KRS 15A.040(1)(a), the Council is required to make recommendations to the Justice Secretary with respect to the award of state and federal grants, consistent with the priorities adopted by the Governor, the General Assembly, and the Council. Additional duties of the Grants Management Branch include the receipt and distribution of federal funds throughout the Cabinet, such as the Justice Accountability Grant program, the Violence Against Women Act program, and the Law Enforcement DUI Service Fee Program.

The Kentucky State Parole Board is an independent, autonomous agency attached to Justice Administration for administrative purposes. The seven-member Board reviews and applies release review authority to all convicted felons per KRS 439. The Board notifies crime victims of pending parole decisions and, upon request, meets with the victims.

The Kentucky State Medical Examiner (Office of Forensic Technology), in accordance with KRS 72.210-275, provides forensic specialists who assist the County Coroners' offices (120 counties) and law enforcement officials in conducting medico-legal investigations. The Medical Examiner provides professional support for physicians, a forensic anthropologist, chief and deputy medical examiners, regional medical examiners, and contractual services with the Universities of Kentucky and Louisville for facilities, equipment, histology services, radiology services, and medico-legal autopsy assistants. The staff also provides assistance to the Criminal Justice Training program with curriculum for coroners and law enforcement officers. Branch offices and autopsy facilities are operated in Frankfort, Louisville, Northern Kentucky, and Madisonville.

Policy

The Budget of the Commonwealth provides additional General Fund resources of \$500,000 and additional restricted and federal resources totaling \$1,000,000 in fiscal year 2005 for the newly established Office of Drug Control Policy. These funds will be used to support essential administrative functions such as accounting, purchasing, budgeting, and personnel that are required to oversee, coordinate, plan, and direct the drug and substance abuse initiative.

Additional General Fund resources of \$1,000,000 are provided in fiscal year 2006 and restricted funds resources of \$1,000,000 in fiscal year 2006 for regional Drug Courts to be established in Kentucky's coal producing counties.

The enacted budget provides additional General Fund resources of \$1,000,000 in fiscal year 2006 for drug and substance abuse treatment for non-violent offenders in local jails.

Additional General Fund resources of \$537,100 are provided in fiscal year 2006 to replace federal fund support for the Parole Board Risk Assessment Instrument.

Additional restricted funds resources of \$188,000 are provided for the Office of the Secretary, DUI Program, for grants to local law enforcement agencies for drug testing and interdiction equipment.

The Budget of the Commonwealth provides additional General Fund resources of \$525,000 in both years of the biennium to provide free civil legal services to indigents.

The enacted budget provides additional restricted funds resources of \$1,500,000 in fiscal year 2006 for Operation UNITE.

The enacted budget provides for a restricted funds transfer of \$334,700 in fiscal year 2005 and \$184,700 in fiscal year 2006 to the General Fund.

Justice and Public Safety Cabinet

State Police

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	101,216,800	110,659,100	70,253,700	80,869,200
Total General Fund	101,216,800	110,659,100	70,253,700	80,869,200
Restricted Funds				
Balance Forward	4,562,300	3,699,300	5,434,300	3,321,300
Current Receipts	6,200,700	7,293,300	6,239,700	8,709,800
Non-Revenue Receipts	2,050,000	2,050,000	2,050,000	2,050,000
Fund Transfers			-1,250,000	
Total Restricted Funds	12,813,000	13,042,600	12,474,000	14,081,100
Federal Funds				
Balance Forward		18,700		18,700
Current Receipts	13,872,000	13,567,200	13,833,400	13,483,700
Total Federal Funds	13,872,000	13,585,900	13,833,400	13,502,400
Road Fund				
Regular Appropriation	35,000,000	35,000,000	39,769,100	29,769,100
Total Road Fund	35,000,000	35,000,000	39,769,100	29,769,100
TOTAL SOURCE OF FUNDS	162,901,800	172,287,600	136,330,200	138,221,800
EXPENDITURES BY CLASS				
Personnel Cost	119,919,700	130,215,000	97,137,300	99,324,400
Operating Expenses	26,938,100	27,590,500	25,450,000	25,802,500
Grants, Loans or Benefits	2,516,400	2,452,800	2,516,400	2,452,800
Debt Service				284,000
Capital Outlay	9,809,600	8,277,600	7,886,500	6,984,500
TOTAL EXPENDITURES	159,183,800	168,535,900	132,990,200	134,848,200
EXPENDITURES BY FUND SOURCE				
General Fund	101,216,800	110,659,100	70,253,700	80,869,200
Restricted Funds	9,113,700	9,348,700	9,152,700	10,765,200
Federal Funds	13,853,300	13,528,100	13,814,700	13,444,700
Road Fund	35,000,000	35,000,000	39,769,100	29,769,100
TOTAL EXPENDITURES	159,183,800	168,535,900	132,990,200	134,848,200
EXPENDITURES BY UNIT				
Executive Services	18,477,800	19,845,200	8,920,700	8,920,700
Technical Services	29,247,100	30,221,500	25,216,100	25,646,900
State Police - Police Services	94,211,200	101,593,400	84,662,200	86,506,400
State Police - Forensic Services	17,247,700	16,875,800	14,191,200	13,774,200
TOTAL EXPENDITURES	159,183,800	168,535,900	132,990,200	134,848,200

The Kentucky State Police, the statewide law enforcement agency of the Commonwealth, has been a Department in the Justice (and Public Safety) Cabinet since 1974. State Troopers are assigned to 16 regional posts across the State. The Department is responsible for the enforcement of criminal and traffic laws, along with white-collar crime, organized crime, electronic crime, racketeering, and drug-related crime. The State Police also provide protection for the Governor, Lieutenant Governor, their families, and property. The Kentucky State Police is comprised of three divisions: Administrative, Operations, and Technical Services.

The Administrative Division, which includes the Office of the Commissioner, provides professional support services for the Department. These services include organizational policy, personnel, properties management and supplies, payroll, employee assistance, fiscal, internal investigations, and inspections. Media relations, training, analysis, research, strategic planning, and information coordination are other functions performed in this division. The State Police Drivers Testing Stations, Facilities Security, and Legislative Detail are also part of this division and provide external support to citizens and other public officials of Kentucky.

The Operations Division includes the regional posts and the personnel assigned to each post. State Police posts are maintained in Mayfield, Madisonville, Henderson, Elizabethtown, Bowling Green, Dry Ridge, Frankfort, Campbellsburg, Richmond, Columbia, Morehead, Ashland, Pikeville, Hazard, Harlan, and London. Other functions in this division include highway safety, aircraft, drug enforcement, vehicle investigation, and special operations.

The Technical Services Division is responsible for providing technical assistance to other Departmental areas, along with outside agencies, concerning electronic crimes examination/analysis, records, communications (including headquarters dispatch), criminal history information, intelligence information, automated fingerprint information, and computer technology needs. The division also has the responsibility of providing forensic analysis for all law enforcement agencies throughout the Commonwealth. The forensic analysis function is supported by the Central Laboratory in Frankfort as well as Regional Laboratories in Ashland, Louisville, Cold Springs, London, and Madisonville.

Policy

The Budget of the Commonwealth provides Road Fund resources of \$39,769,100 in fiscal year 2005 and \$29,769,100 in fiscal year 2006 for State Police highway enforcement activities.

The enacted budget provides restricted funds resources of \$1,909,800 in fiscal year 2006 to initiate a \$3,100 annual training incentive stipend for state troopers effective January 1, 2006.

The enacted budget provides additional General Fund resources of \$331,500 in fiscal year 2006 to initiate a \$3,100 annual training incentive stipend for dispatchers effective January 1, 2006. Additionally, restricted funds resources of \$81,400 are provided in fiscal year 2006 to initiate a \$3,100 training incentive stipend for hazardous devices investigators, and legislative security specialists effective January 1, 2006.

The Budget of the Commonwealth provides debt service in the amount of \$284,000 in fiscal year 2006 for the Records and Secure Evidence Facility replacement capital project.

The enacted budget provides for a restricted funds transfer of \$1,250,000 in fiscal year 2005 to the General Fund.

The enacted budget provides that the State Police sworn officer authorized strength is 1,070.

The enacted budget provides \$750,000 of restricted funds in fiscal year 2005 for the Laboratory Information Management System (LIMS).

**Justice and Public Safety Cabinet
Juvenile Justice**

	<u>Requested FY 2005</u>	<u>Requested FY 2006</u>	<u>Enacted FY 2005</u>	<u>Enacted FY 2006</u>
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	89,703,900	103,582,500	82,039,600	82,939,600
Total General Fund	89,703,900	103,582,500	82,039,600	82,939,600
Restricted Funds				
Balance Forward	4,000,000		2,990,700	
Current Receipts	14,140,000	14,140,000	12,200,000	12,200,000
Fund Transfers			-2,600,000	
Total Restricted Funds	18,140,000	14,140,000	12,590,700	12,200,000
Federal Funds				
Current Receipts	16,989,000	15,069,000	16,989,000	15,069,000
Total Federal Funds	16,989,000	15,069,000	16,989,000	15,069,000
TOTAL SOURCE OF FUNDS	124,832,900	132,791,500	111,619,300	110,208,600
EXPENDITURES BY CLASS				
Personnel Cost	75,747,400	84,144,500	66,510,000	67,250,000
Operating Expenses	11,522,800	11,885,400	11,379,300	11,068,600
Grants, Loans or Benefits	34,121,700	33,320,600	31,730,000	29,890,000
Debt Service	1,441,000	1,441,000		
Construction	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL EXPENDITURES	124,832,900	132,791,500	111,619,300	110,208,600
EXPENDITURES BY FUND SOURCE				
General Fund	89,703,900	103,582,500	82,039,600	82,939,600
Restricted Funds	18,140,000	14,140,000	12,590,700	12,200,000
Federal Funds	16,989,000	15,069,000	16,989,000	15,069,000
TOTAL EXPENDITURES	124,832,900	132,791,500	111,619,300	110,208,600
EXPENDITURES BY UNIT				
Program Management	1,356,800	1,456,100	935,700	935,700
Program Operations	116,230,800	123,574,200	104,828,000	103,417,300
Support Services	7,245,300	7,761,200	5,855,600	5,855,600
TOTAL EXPENDITURES	124,832,900	132,791,500	111,619,300	110,208,600

The Department of Juvenile Justice, established as part of the Justice (and Public Safety) Cabinet in August 1996, operates programs for juvenile crime prevention, detention, and community services, as well as residential facilities for post-adjudicated offenders. All programs are designed primarily for "public" and "youthful" offenders. The Department consists of three programmatic areas: Program Management, Program Operations, and Support Services.

Program Management is comprised of two organizational units which provide management and policy direction for the Department: Office of the Commissioner, and Office of Ombudsman. The Office of the Commissioner provides staff support for the Commissioner, which includes public information services. The Office of Ombudsman investigates and resolves grievances filed by those receiving services from the Department.

Program Operations consists of the direct services provided to both public and youthful offenders, through Day Treatment Services, Group Homes, Residential Facilities, Community Supervision, Private Child Care Facilities, Detention Facilities, and Alternatives to Detention. The programs are administered on a regional basis, divided into three separate regions.

Day Treatment Services is comprised of 6 state-owned and 20 contract programs. These programs are the least restrictive, since the youths remain in a home setting during the evening and attend a day treatment program during the day. A court or school system usually refers a youth to serve in these programs. Day Treatment provides educational alternatives, treatment, and counseling for youths between the ages of 12 and 17. The total capacity of 26 centers is 955 youths.

Day Treatment Facilities	County	Slots
Hardin County	Hardin	40
Hopkins County	Hopkins	40
Warren County	Warren	40
Daviess County	Daviess	45
Calloway County	Calloway	30
Ohio County	Ohio	30
Barren County	Barren	30
Harrodsburg Independent	Mercer	30
Bullitt County	Bullitt	50
Shelby County	Shelby	30
Wilkinson Street	Franklin	50
Boyle County	Boyle	30
Shelby Valley	Pike	30
Phelps	Pike	30
Madison County	Madison	30
Newport	Campbell	45
Laurel County	Laurel	30
Pulaski County	Pulaski	30
Clark County	Clark	30
Christian County	Christian	40
Campbell County	Campbell	15
Bell County	Bell	30
Corbin Board of Education	Knox/Laurel/Whitley	30
Lexington Fayette Urban County Government	Fayette	55
Ashland	Boyd	40
Louisville	Jefferson	75

Day Treatment Slots = 955

Group Homes are community-based residential treatment facilities that generally serve eight youths per home. These programs accept youths between 12-18 years of age who have been committed to the Department as “public” or “youthful” offenders. Group home care serves as an alternative to institutionalization and aims to transition a youth from institutional placement to the community. The total capacity of ten group homes is 80 youths.

Group Home Facilities	County	Beds
Ashland	Boyd	8
Bowling Green	Warren	8
Burnside	Pulaski	8
Frenchburg	Menifee	8
Hopkinsville	Christian	8
London	Laurel	8
Mayfield	Graves	8
Middlesboro	Bell	8
Frankfort	Franklin	8
Westport	Jefferson	8

Group Home Beds = 80

The 12 state-operated Residential Facilities provide 24-hour care and custody of juveniles who have been committed to the Department as public offenders, or sentenced as youthful offenders. These facilities serve youths who are in need of treatment

that cannot be provided in their community, or who require placement in a secure setting because they represent a threat to the community. The current capacity of the 12 facilities is 470 youths.

Residential Facilities	City	County	Beds
Northern Kentucky Youth Development Center	Crittenden	Grant	40
Morehead Youth Development Center	Morehead	Rowan	32
Green River Youth Development Center	Cromwell	Butler	36
Audubon Youth Development Center	Louisville	Jefferson	60
Mayfield Boy's Youth Development Center	Mayfield	Graves	36
Owensboro Treatment Center	Owensboro	Daviess	30
Lincoln Village Youth Development Center	Elizabethtown	Hardin	40
Lake Cumberland Youth Development Center	Monticello	Wayne	40
Woodsbend Boy's Youth Development Center	West Liberty	Morgan	40
Bluegrass Assessment Center	Lexington	Fayette	16
Cadet Leadership Education Program	Jackson	Breathitt	40
Adair Youth Development Center	Columbia	Adair	60

Residential Beds = 470

Community Services are community-based services provided to juvenile offenders. Juvenile workers in the community offices develop service objectives and comprehensive service plans for juvenile offenders and their families. Juvenile workers supervise juvenile offenders and recommend any necessary out-of-home placements. Juvenile workers supervise over 3000 youths.

Private child care facilities and therapeutic foster care programs are utilized to alleviate facility capacity problems and to provide specialized treatment for youths. Approximately 200 juveniles are in these programs on any given day.

Six state-operated detention centers are currently in operation in Breathitt, McCracken, Campbell, Warren, Laurel, and Boyd Counties, and ten beds are available for detention at the youth development center in Adair County. Detention Centers located in Hardin and Fayette Counties are under construction. The Hardin County facility opened in April 2005 and the Fayette County facility is scheduled to be opened in November 2005. At that time the state will provide detention services to all counties in the state with the exception of Jefferson for which a contract is in place.

Currently, the state provides detention services to 102 counties. Jefferson, Fayette, Hardin, and Madison Counties continue to operate local detention programs, and counties approved to use these facilities receive a subsidy payment from the state of \$94 per day for all public and youthful offenders.

State-operated Detention Centers	County	Beds
Breathitt Regional Juvenile Detention Center	Breathitt	48
McCracken Regional Juvenile Detention Center	McCracken	48
Campbell Regional Juvenile Detention Center	Campbell	52
Adair Youth Development Center	Adair	10
Warren Regional Juvenile Detention Center	Warren	48
Laurel Regional Juvenile Detention Center	Laurel	48
Boyd Regional Juvenile Detention Center	Boyd	24

Detention Beds = 278

Less restrictive placements than detention facilities are provided through contracts with emergency shelters and foster care providers, electronic monitoring, and tracking services. The Department operates an eight-bed cottage as an alternative to detention program at the Bluegrass Assessment Center in Lexington. Eleven departmental staff members are responsible for the assessment of juveniles in the facilities, and the determination of whether an alternative to detention is appropriate.

The Division of Placement Services, included in the Program Operations area, determines appropriate out of home placements for youths committed to the Department of Juvenile Justice.

Support Services, which provides administrative support to all organizational units of the Department, includes: Division of Administrative Services, Division of Program Services, and the Division of Medical Services. The Division of Administrative Services consists of four branches: Personnel, Fiscal, Capital Construction and Real Properties, and Information Systems. The Division of Program Services consists of two branches: Quality Assurance and Training. The Medical Division oversees the medical delivery system throughout the Department.

Policy

The enacted budget provides additional General Fund resources of \$1,900,000 in fiscal year 2005 and \$2,800,000 in fiscal year 2006 to support the operation and maintenance of the Boyd, Hardin, and Fayette Regional Juvenile Detention Centers at partial capacity.

Additional restricted funds resources of \$390,700 are provided in fiscal year 2005 to purchase and install digital video surveillance cameras and data storage for the Morehead Youth Development Center and the Rice-Audubon Youth Development Center to provide improved security for both staff and juveniles.

The enacted budget provides for a restricted fund transfer of \$2,600,000 in fiscal year 2005 to the General Fund.

The enacted budget provides General Fund resources of \$350,000 in both years of the biennium for the operation of the Gateway Juvenile Diversion Center in Mt. Sterling.

The enacted budget provides General Fund resources of \$300,000 in both years of the biennium for the operation of the Mary Kendall Home in Lexington.

The Budget of the Commonwealth provides that the Madison County juvenile detention facility may remain open to hold juveniles from Madison County, and the county shall receive the detention subsidy provided for in KRS 635.060(3).

**Justice and Public Safety Cabinet
Criminal Justice Training**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Restricted Funds				
Balance Forward	7,048,900	10,674,000	10,507,700	2,557,300
Current Receipts	610,000	635,300	695,800	2,895,200
Non-Revenue Receipts	44,838,700	47,497,700	45,111,200	46,446,500
Fund Transfers			-16,422,100	-6,660,600
Total Restricted Funds	52,497,600	58,807,000	39,892,600	45,238,400
Federal Funds				
Current Receipts	2,700,000	2,700,000	3,914,800	3,914,800
Total Federal Funds	2,700,000	2,700,000	3,914,800	3,914,800
TOTAL SOURCE OF FUNDS	55,197,600	61,507,000	43,807,400	49,153,200
EXPENDITURES BY CLASS				
Personnel Cost	12,517,400	13,839,400	11,254,100	11,216,500
Operating Expenses	3,144,600	2,929,500	2,237,500	2,237,500
Grants, Loans or Benefits	23,729,600	24,410,300	24,916,000	27,255,400
Debt Service	3,360,200	5,768,200	2,589,500	3,331,400
Capital Outlay	1,771,800	787,000	253,000	253,000
TOTAL EXPENDITURES	44,523,600	47,734,400	41,250,100	44,293,800
EXPENDITURES BY FUND SOURCE				
Restricted Funds	41,823,600	45,034,400	37,335,300	40,379,000
Federal Funds	2,700,000	2,700,000	3,914,800	3,914,800
TOTAL EXPENDITURES	44,523,600	47,734,400	41,250,100	44,293,800
EXPENDITURES BY UNIT				
Kentucky Law Enforcement Program Fund	40,718,000	43,872,800	36,277,500	39,321,200
Peace Officer Professional Standards	630,600	661,300	602,000	602,000
Special Training Programs	3,175,000	3,200,300	4,370,600	4,370,600
TOTAL EXPENDITURES	44,523,600	47,734,400	41,250,100	44,293,800

The Department of Criminal Justice Training (DOCJT) is responsible for the training of law enforcement professionals as provided under Kentucky Revised Statutes, Chapters 15, 15A, 16, 70, 72, 95, and 403.785(2), along with 500 KAR 8:010. Basic and specialized training courses are offered to police officers, telecommunications, sheriffs, deputies, coroners, and certain other agencies upon request. Course curriculum includes training in basic law enforcement, telecommunications, coroner training, AIDS, child sexual abuse, domestic violence, bias-related crimes, legal and constitutional law, police tactical training, professional development, executive and staff training, leadership development, and breath testing. Training is conducted at the Training Center on the Eastern Kentucky University campus and at regional sites.

The DOCJT operates two training programs: the Kentucky Law Enforcement Foundation Program Fund (KLEFPF), and the Special Training Programs with the Peace Officers Professional Standards (POPS) office. The KLEFPF agency resources are derived from insurance premium surcharge proceeds, which accrue pursuant to KRS 42.190 and KRS 136.392.

Policy

The enacted budget provides restricted funds for a new stipend of \$3,100 (plus pension) for Kentucky State Troopers, Kentucky State Police arson investigators, Kentucky State Police hazardous devices investigators, Kentucky State Police

legislative security specialists, and Kentucky vehicle enforcement officers effective January 1, 2006.

Notwithstanding KRS 15.430 and KRS 16.392(2), the enacted budget provides for a \$16,422,100 transfer in fiscal year 2005 and \$6,660,600 in fiscal year 2006 from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF) to the General Fund.

Justice and Public Safety Cabinet

Corrections

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	385,394,600	415,553,100	324,460,300	345,065,000
Continuing Appropriation			42,900	
Total General Fund	385,394,600	415,553,100	324,503,200	345,065,000
Restricted Funds				
Balance Forward	373,700	326,800	973,500	
Current Receipts	18,770,700	19,642,000	19,274,800	19,274,800
Total Restricted Funds	19,144,400	19,968,800	20,248,300	19,274,800
Federal Funds				
Current Receipts	315,200	315,200	315,200	315,200
Non-Revenue Receipts	921,600	50,000	1,045,800	50,000
Total Federal Funds	1,236,800	365,200	1,361,000	365,200
TOTAL SOURCE OF FUNDS	405,775,800	435,887,100	346,112,500	364,705,000
EXPENDITURES BY CLASS				
Personnel Cost	226,062,400	244,062,400	179,051,400	184,130,100
Operating Expenses	47,772,200	46,862,300	40,136,700	41,189,700
Grants, Loans or Benefits	122,604,100	129,676,200	126,718,300	138,834,100
Debt Service	8,351,100	14,847,100	206,100	551,100
Capital Outlay	500,000			
TOTAL EXPENDITURES	405,289,800	435,448,000	346,112,500	364,705,000
EXPENDITURES BY FUND SOURCE				
General Fund	385,394,600	415,553,100	324,503,200	345,065,000
Restricted Funds	18,817,600	19,688,900	20,248,300	19,274,800
Federal Funds	1,236,800	365,200	1,361,000	365,200
TOTAL EXPENDITURES	405,449,000	435,607,200	346,112,500	364,705,000
EXPENDITURES BY UNIT				
Corrections Management	55,040,900	63,352,300	41,312,000	41,598,900
Adult Correctional Institutions	246,339,600	259,205,900	200,130,100	207,236,900
Community Services and Local Facilities	88,521,300	97,177,100	89,351,400	99,633,100
Local Jail Support	15,547,200	15,871,900	15,319,000	16,236,100
TOTAL EXPENDITURES	405,449,000	435,607,200	346,112,500	364,705,000

The Department of Corrections, pursuant to KRS 196 - 197, is responsible for the broad range of activities associated with adult criminal incarceration, public safety, inmate rehabilitation, probation and parole, and criminal recidivism. As the largest Department in the Justice and Public Safety Cabinet, Corrections has four separate appropriation units: Corrections Management, Community Services and Local Facilities, Adult Institutions, and Local Jail Support. The Department of Corrections utilizes resources from each of these units to provide the necessary balance between public safety and fiscal responsibility. In order to accomplish this, the Department is charged with accommodating a growing inmate population through a balance of community and institutional based solutions.

The convicted felon population under the custody of the Department of Corrections is estimated to grow to approximately 19,917 by the end of fiscal year 2005 and 21,115 by the end of fiscal year 2006 based on the latest trends, current criminal laws, sentencing, and parole patterns.

Justice and Public Safety Cabinet
Corrections
Corrections Management

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	40,867,200	48,344,000	28,024,600	28,695,300
Total General Fund	40,867,200	48,344,000	28,024,600	28,695,300
Restricted Funds				
Balance Forward	200,000	200,000	383,800	
Current Receipts	14,173,700	15,008,300	14,403,600	14,403,600
Non-Revenue Receipts			-1,500,000	-1,500,000
Total Restricted Funds	14,373,700	15,208,300	13,287,400	12,903,600
TOTAL SOURCE OF FUNDS	55,240,900	63,552,300	41,312,000	41,598,900
EXPENDITURES BY CLASS				
Personnel Cost	20,707,300	21,844,300	16,820,400	16,956,300
Operating Expenses	9,433,200	9,689,600	9,499,700	9,115,900
Grants, Loans or Benefits	16,596,200	17,018,200	14,991,900	15,181,700
Debt Service	8,145,000	14,641,000		345,000
TOTAL EXPENDITURES	54,881,700	63,193,100	41,312,000	41,598,900
EXPENDITURES BY FUND SOURCE				
General Fund	40,867,200	48,344,000	28,024,600	28,695,300
Restricted Funds	14,173,700	15,008,300	13,287,400	12,903,600
TOTAL EXPENDITURES	55,040,900	63,352,300	41,312,000	41,598,900
EXPENDITURES BY UNIT				
Contract Management	24,908,100	25,463,500	21,747,500	21,937,300
Commissioner	1,344,000	1,420,700	952,300	952,300
Training	1,748,000	1,836,900	1,478,400	1,464,000
Administrative Services	4,705,400	4,932,100	3,640,800	3,749,200
Division of Personnel	566,700	599,800	437,500	437,500
Debt Service	8,145,000	14,641,000		345,000
Correctional Industries	12,339,900	13,174,500	11,666,700	11,429,800
Farms Management	1,283,800	1,283,800	1,388,800	1,283,800
TOTAL EXPENDITURES	55,040,900	63,352,300	41,312,000	41,598,900

Corrections Management provides the administrative and management functions for the Department of Corrections. These functions are achieved through six program areas: Office of the Commissioner, Division of Personnel, Division of Corrections Training, Division of Administrative Services, Debt Service, and Division of Correctional Industries.

The Office of the Commissioner provides departmental management and administrative support necessary for the Commissioner of Corrections to conduct statutorily assigned duties pursuant to KRS 196 and 197. The Office conducts centralized personnel and budgeting functions. The Commission on Corrections/Community Services is administratively attached to the Office. Also attached to the Office of the Commissioner is the office of the Deputy Commissioner for Support Services, responsible for the following areas: the Division of Corrections Training, Division of Administrative Services, and the Division of Correctional Industries. The Information Technology and Offender Records branch as well as the Victim Notification/Victims Services branch are also under the office of the Deputy Commissioner of Support Services.

The Division of Corrections Training, referenced in KRS 12.020, 16.090, 441.055, and 441.115, is responsible for developing curriculum and providing job training to Corrections employees including staff in the county jails. Instruction is provided

through the Basic Academy program, the Common Core/Officer In-service program, Jail Training programs, and various specialized programs.

The Division of Administrative Services, referenced in KRS 12.020, is comprised of two branches that provide support services to the entire Department in: accounting and purchasing, property inventory, and budgeting. The Division of Administrative Services also includes the Contract Management Branch, which is charged with the responsibility of administering the contracts for the Commonwealth's privately operated correctional facilities. These private facilities include two contracted adult institutions (authorized and governed by KRS 197.500-525) - the Lee Adjustment Center, a 390-bed medium security institution located near Beattyville, and the Marion Adjustment Center, an 826-bed minimum security institution located at St. Mary's. This branch also oversees contracts with 15 halfway houses located across the state which provide housing for approximately 600 community custody inmates and approximately 280 parolees.

The Debt Service program reflects the current cost of bonded indebtedness attributable to capital construction projects in the Department of Corrections.

Kentucky Correctional Industries (KCI), as authorized by KRS 197.200, produces goods or services employing inmate labor. Kentucky Correctional Industries is a self-supporting operation, receiving only restricted funds for operations in nine of the Department's state-operated institutions. Twenty-three separate plants produce products and services such as office furniture, recycling, license tags, janitorial products, printing, mattresses, ergonomic chairs, signage, furniture refurbishing, and office panel systems. Data entry, coupon sorting, Braille printing services, and mail services are also offered by KCI.

Also administered by the Division of Correctional Industries is the Institutional Farm program. Farm programs are currently operated at Blackburn Correctional Complex, Northpoint Training Center, Roederer Correctional Complex, and Western Kentucky Correctional Complex. Current farm operations consist of cattle (including commercial cattle and a prime Registered Angus herd), grain, hay, orchards, vegetables, and freshwater shrimp. The farm program also has a working agreement with the Thoroughbred Retirement Foundation, and operates a refuge for retired thoroughbred horses at the Blackburn Correctional Complex.

Policy

The Budget of the Commonwealth provides debt service in the amount of \$345,000 in fiscal year 2006 for the Electronic Offender Management System, Phase I Project.

Justice and Public Safety Cabinet
Corrections
Adult Correctional Institutions

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	240,876,800	254,578,000	192,255,300	200,871,500
Total General Fund	240,876,800	254,578,000	192,255,300	200,871,500
Restricted Funds				
Balance Forward			535,100	
Current Receipts	4,226,000	4,262,700	4,500,200	4,500,200
Non-Revenue Receipts			1,500,000	1,500,000
Total Restricted Funds	4,226,000	4,262,700	6,535,300	6,000,200
Federal Funds				
Current Receipts	315,200	315,200	315,200	315,200
Non-Revenue Receipts	921,600	50,000	1,024,300	50,000
Total Federal Funds	1,236,800	365,200	1,339,500	365,200
TOTAL SOURCE OF FUNDS	246,339,600	259,205,900	200,130,100	207,236,900
EXPENDITURES BY CLASS				
Personnel Cost	175,013,700	187,806,700	138,317,200	143,285,600
Operating Expenses	32,647,400	31,723,600	27,207,500	28,665,800
Grants, Loans or Benefits	38,472,400	39,469,500	34,399,300	35,079,400
Debt Service	206,100	206,100	206,100	206,100
TOTAL EXPENDITURES	246,339,600	259,205,900	200,130,100	207,236,900
EXPENDITURES BY FUND SOURCE				
General Fund	240,876,800	254,578,000	192,255,300	200,871,500
Restricted Funds	4,226,000	4,262,700	6,535,300	6,000,200
Federal Funds	1,236,800	365,200	1,339,500	365,200
TOTAL EXPENDITURES	246,339,600	259,205,900	200,130,100	207,236,900
EXPENDITURES BY UNIT				
Institutions Operations	1,800,700	1,898,500	1,987,000	2,179,600
Medical Services	40,313,500	41,617,400	35,554,000	34,042,100
Education	6,374,000	6,681,200	6,254,600	6,432,800
Blackburn Correctional Complex	7,255,600	7,659,300	6,264,100	6,246,500
Bell County Forestry Camp	3,164,200	3,326,800	2,722,100	2,720,400
Kentucky Correctional Institution for Women	12,213,600	12,880,400	10,337,000	10,128,200
Frankfort Career Development Center	3,187,100	3,362,500	2,786,700	2,780,000
Eastern Kentucky Correctional Complex	21,936,700	23,293,200	19,033,300	18,981,600
Northpoint Training Center	16,093,100	17,111,100	13,689,600	13,660,000
Kentucky State Reformatory	29,924,000	31,631,400	25,119,900	25,079,400
Kentucky State Penitentiary	19,363,500	20,642,900	15,953,600	15,946,500
Western Kentucky Correctional Complex	11,976,500	12,718,600	10,069,200	10,014,100
Roederer Correctional Complex	14,664,900	15,528,700	12,460,000	12,428,500
Luther Lockett Correctional Complex	14,410,500	15,331,200	11,593,000	11,564,500
Green River Correctional Complex	13,836,400	14,693,400	11,503,100	11,466,200
Elliott County Correctional Complex	14,485,800	14,887,700	3,799,100	13,737,100
Mental Health	15,339,500	15,941,600	11,003,800	9,829,400
TOTAL EXPENDITURES	246,339,600	259,205,900	200,130,100	207,236,900

Adult Correctional Institutions is comprised of 13 state correctional facilities and two privately contracted facilities for adult felon offenders. Four additional programmatic areas serve all institutions and their incarcerated populations: the Division of Operations, the Division of Mental Health, Education Programs, and Inmate Medical Services.

The Division of Operations, pursuant to KRS 197.505, 197.065, 196.240, and 197.110, supervises and directs the following activities: classification and placement of inmates, coordination of academic and technical programs, coordination of dietary and health programs for state owned facilities, and coordination of security threat group information.

The Division of Mental Health is responsible for providing mental health treatment services to Kentucky's incarcerated, paroled, and probated populations. The Division is comprised of four units: alcohol and other substance abuse treatment programs, sex offender treatment programs (which are governed by KRS 197.400-440), the Sex Offender Risk Assessment Unit, and psychiatric and psychological out patient services.

Medical Services, pursuant to KRS 197.020, provides necessary health services to inmates committed to the Department. Services are performed at each institutional location through institutional medical staff, personal service contracts, and outside referrals to local specialists and hospitals. The provision of medical services is monitored, authorized, and reviewed by a system-wide Medical Director. Beneficiaries of the Division of Medical Services also include the state inmates housed in local jails who are able to participate in the healthcare network administered through the Division.

Kentucky State Reformatory (KSR) is a medium security institution with an operational capacity of 1,895 inmates located near LaGrange in Oldham County. The inmate population is divided into four segments: general population, special management unit, nursing care facility, and mental health unit. Since 1980, KSR has converted designated living areas into single cell facilities and opened a new 150-bed mental health unit during 1998. In 1995 KSR opened the Nursing Care Facility which houses inmates in need of medical care due to their medical condition.

Kentucky State Penitentiary (KSP) is a maximum security institution with an operational capacity of 841 inmates, located near Eddyville in Lyon County. The inmate population is separated into three major groups: general population, protective custody, and disciplinary/administrative segregation. KSP also houses the state's capital punishment unit.

Blackburn Correctional Complex (BCC) is a minimum security institution with an operational capacity of 594 inmates located near Lexington in Fayette County. The institution programmatically directs inmates to halfway houses or returns the inmate to the community by parole, based upon the individual's demonstrated conduct, program performance, and need.

Bell County Forestry Camp (BCFC) is a minimum security institution with an operational capacity of 250 inmates located near Pineville in Bell County. The institution provides manpower to the Division of Forestry for fire suppression in Bell and seven surrounding counties during fire season along with road, highway garage, and community service details.

Kentucky Correctional Institution for Women (KCIW), the only state institutional facility for women in the Commonwealth, houses 726 inmates in PeeWee Valley in Shelby County. All levels of security and all levels of medical services must be provided since virtually all female prisoners are housed at KCIW.

Frankfort Career Development Center (FCDC) is a minimum security institution with an operational capacity of 205 inmates located in Frankfort in Franklin County. The institution primarily provides inmate labor to state government agencies in Frankfort at approximately 30 governmental work locations.

Eastern Kentucky Correctional Complex (EKCC) is a medium security institution with an operational capacity of 1,674 inmates located near West Liberty in Morgan County. The facility is the second largest correctional institution in the state, providing inmates with employment opportunities, academic resources, and vocational programs.

Western Kentucky Correctional Complex (WKCC) is a medium security institution with an operational capacity of 650 inmates located near Caldwell County. The institution operates a full farm operation on 2,500 acres, a community work program for surrounding parks and cities, and the Correctional Industries recycling program serving the surrounding counties.

Roederer Correctional Complex (RCC) is a medium security institution with an operational capacity of 1,002 inmates located near LaGrange in Oldham County. The institution operates the Department's Assessment and Classification Center, serving all incoming male inmates with the exception of inmates sentenced to capital punishment. The institution also operates a full farm operation on approximately 2,800 acres.

Luther Luckett Correctional Complex (LLCC) is a medium security institution with an operational capacity of 1,075 inmates, also located near LaGrange in Oldham County. The facility houses two separate institutions: the Department of Correction's prison facility and the Cabinet for Health and Family Services, Kentucky Correctional Psychiatric Center (KCPC). Due to KCPC, the inmate population has a variety of psychological, pharmaceutical, recreational, academic, vocational, and substance abuse programs available.

Green River Correctional Complex (GRCC) is a medium security institution with an operational capacity of 947 inmates located near Central City in Muhlenberg County.

Northpoint Training Center (NTC) is a medium security institution with an operational capacity of 1,226 inmates located near Danville in Boyle County. The institution operates a prison farm, along with counseling, academic, and vocational programs.

Little Sandy Correctional Complex (LSCC) is the state's newest correctional institution opening in June 2005. The new institution, located near Sandy Hook in Elliott County, will have a total capacity of 961 inmates (861 medium-security and 100 minimum-security). Programming at the new institution will consist of basic educational and vocational training classes, as well as psychological services. A correctional industries program is planned in the near future.

Policy

The Budget of the Commonwealth provides additional General Fund resources of \$3,701,000 in fiscal year 2005 and \$13,639,000 in fiscal year 2006 for the operation and maintenance of the Little Sandy Correctional Complex.

The enacted budget also provides that notwithstanding KRS 48.310, the following statute relating to home incarceration is created and shall have permanent effect, subject to future acts by the General Assembly:

SECTION 1. A NEW SECTION OF KRS CHAPTER 532 IS CREATED TO READ AS FOLLOWS:

- (1) Any Class C or Class D felon who is serving a sentence in a state-operated prison shall, at the discretion of the commissioner, be eligible to serve the remainder of his or her sentence outside the walls of the detention facility under terms of home incarceration using an approved monitoring device as defined in KRS 532.200, if the felon:
- (a) 1. Has not been convicted of, pled guilty to, or entered an Alford plea to a violent felony as defined by the Department of Corrections classification system; or
 - 2. Has not been convicted of, pled guilty to, or entered an Alford plea to a sex crime as defined in KRS 17.500;
 - (b) Has sixty (60) days or less to serve on his or her sentence;
 - (c) Has voluntarily participated in a discharge planning process with the department to address his or her education; employment, technical, and vocational skills; and housing, medical, and mental health needs; and
 - (d) Has needs that may be adequately met in the community where he or she will reside upon release.
- (2) A person who is placed under terms of home incarceration pursuant to subsection (1) of this section shall remain in the custody of the Department of Corrections. Any unauthorized departure from the terms of home incarceration may be prosecuted as an escape pursuant to KRS Chapter 520 and shall result in the person being returned to prison.
- (3) The Department of Corrections shall promulgate administrative regulations to implement the provisions of this section.

Justice and Public Safety Cabinet
Corrections
Community Services and Local Facilities

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	88,103,400	96,759,200	88,904,300	99,262,100
Total General Fund	88,103,400	96,759,200	88,904,300	99,262,100
Restricted Funds				
Balance Forward	173,700	126,800	54,600	
Current Receipts	371,000	371,000	371,000	371,000
Total Restricted Funds	544,700	497,800	425,600	371,000
Federal Funds				
Non-Revenue Receipts			21,500	
Total Federal Funds			21,500	
TOTAL SOURCE OF FUNDS	88,648,100	97,257,000	89,351,400	99,633,100
EXPENDITURES BY CLASS				
Personnel Cost	30,306,700	34,376,700	23,879,100	23,853,500
Operating Expenses	5,244,600	5,002,100	2,982,500	2,961,000
Grants, Loans or Benefits	52,470,000	57,798,300	62,489,800	72,818,600
Capital Outlay	500,000			
TOTAL EXPENDITURES	88,521,300	97,177,100	89,351,400	99,633,100
EXPENDITURES BY FUND SOURCE				
General Fund	88,103,400	96,759,200	88,904,300	99,262,100
Restricted Funds	417,900	417,900	425,600	371,000
Federal Funds			21,500	
TOTAL EXPENDITURES	88,521,300	97,177,100	89,351,400	99,633,100
EXPENDITURES BY UNIT				
Probation and Parole Program	34,909,100	38,160,900	25,784,400	25,762,900
Local Facilities Operations	1,059,300	1,135,000	990,800	1,015,600
Local Facilities - Jail Program	50,135,000	55,463,300	61,565,600	71,898,600
Jefferson County Misdemeanant	332,900	332,900	336,400	286,000
Community Corrections Commission	2,050,000	2,050,000	635,000	635,000
Drug Testing Fees	35,000	35,000	39,200	35,000
TOTAL EXPENDITURES	88,521,300	97,177,100	89,351,400	99,633,100

The Community Services and Local Facilities program provides the core system of community based correctional programs to protect the Commonwealth. Two organizational units comprise this area: the Division of Probation and Parole, and the Division for Local Facilities.

The Division of Probation and Parole, pursuant to KRS 439.370 and 439.480, through the probation and parole officers in the 14 districts, provides supervision of approximately 31,378 probationers and parolees in the community, investigations of offenders for the courts and parole board, rehabilitative services to offenders, and assistance in employment and home placement.

The Division for Local Facilities, as mandated by KRS Chapter 441, is responsible for jail inspection, jail standards review and enforcement regulations, technical assistance to local governments, and approval of construction plans. The Division administers the Controlled Intake and Class D Felony programs.

This division is also responsible for payment of local jail per diems, medical per diems, excess medical costs, and inmate labor for the state inmates housed in the Commonwealth's 71 full service jails.

Policy

Additional General Fund resources in the amount of \$9,500,000 in fiscal year 2005 and \$8,300,000 in fiscal year 2006 are provided to support payments to local jails in anticipation of housing approximately 6,176 inmates in fiscal year 2005 and approximately 6,290 inmates in fiscal year 2006 based on a per diem rate of \$27.31.

The Budget of the Commonwealth provides additional General Fund resources of \$9,200,000 in fiscal year 2006 to provide a per diem rate payment increase from \$27.31 to \$30.51 per qualifying prisoner to counties for housing state inmates.

The enacted budget provides that in the event that actual local jail per diem payments exceed the amounts provided to support the budgeted average daily population of state felons in county jails for fiscal year 2004-2005 and fiscal year 2005-2006, the payments shall be deemed necessary government expenses and may be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

Justice and Public Safety Cabinet
Corrections
Local Jail and Support

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	15,547,200	15,871,900	15,276,100	16,236,100
Continuing Appropriation			42,900	
Total General Fund	15,547,200	15,871,900	15,319,000	16,236,100
TOTAL SOURCE OF FUNDS	15,547,200	15,871,900	15,319,000	16,236,100
EXPENDITURES BY CLASS				
Personnel Cost	34,700	34,700	34,700	34,700
Operating Expenses	447,000	447,000	447,000	447,000
Grants, Loans or Benefits	15,065,500	15,390,200	14,837,300	15,754,400
TOTAL EXPENDITURES	15,547,200	15,871,900	15,319,000	16,236,100
EXPENDITURES BY FUND SOURCE				
General Fund	15,547,200	15,871,900	15,319,000	16,236,100
TOTAL EXPENDITURES	15,547,200	15,871,900	15,319,000	16,236,100
EXPENDITURES BY UNIT				
Local Jail Allotment	13,784,500	14,046,400	13,567,400	14,527,400
Restricted Medical	972,100	1,019,700	931,100	931,100
Jailers' Allowance	481,700	481,700	481,700	481,700
Catastrophic Medical	308,900	324,100	338,800	295,900
TOTAL EXPENDITURES	15,547,200	15,871,900	15,319,000	16,236,100

The Local Jail Support Program consists of four funds used to assist counties in local jail operations: Local Jail Allotment, Restricted Medical Allotment, Jailer's Allowance, and Catastrophic Medical. These programs were part of the Jail Reform package passed in the 1982 and 1984 Regular Sessions of the General Assembly.

The Local Jail Allotment, pursuant to KRS 441.206, was established for the care and maintenance of prisoners charged with or convicted of violations of state law. Funds appropriated for the Jail Allotment program are distributed to each county based upon a statutory formula.

The Restricted Medical Fund program is used to pay for indigent inmate medical costs pursuant to a distribution formula in KRS 441.206.

The Jailer's Allowance program, pursuant to KRS 441.115, trains jailers and jail personnel. No fee is charged for this training. Three hundred dollars (\$300) per month is paid to jailers to help defray the costs of participation in this training program. Expense allowance payments are discontinued if the jailer fails to satisfactorily complete annual continuing training.

The Catastrophic Medical program, pursuant to KRS 441.045, provides funds that assist counties with costs of providing necessary medical, dental, or psychological care beyond routine care and diagnostic services. When the cost of providing such services exceeds \$2,000, the county is reimbursed. Initial reimbursements are limited by the maximum payments allowed for services under the Kentucky Medical Assistance Program.

Policy

The Budget of the Commonwealth provides additional General Fund resources of \$960,000 in fiscal year 2006 to provide a monthly payment of an annual amount of \$20,000 to each county with a life safety jail or a closed jail. The payment is in addition to the monthly payment required by KRS 441.206(2).

**Justice and Public Safety Cabinet
Public Advocacy**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	32,656,400	37,328,800	25,264,400	25,264,400
Total General Fund	32,656,400	37,328,800	25,264,400	25,264,400
Restricted Funds				
Balance Forward	1,789,600	1,789,600	4,963,900	2,648,500
Current Receipts	2,898,200	2,898,200	3,728,600	3,888,400
Non-Revenue Receipts	1,500,000	1,500,000	1,500,000	1,500,000
Fund Transfers			-830,400	
Total Restricted Funds	6,187,800	6,187,800	9,362,100	8,036,900
Federal Funds				
Balance Forward	482,200	487,200	482,200	487,200
Current Receipts	1,479,000	1,569,600	1,649,000	1,569,600
Total Federal Funds	1,961,200	2,056,800	2,131,200	2,056,800
TOTAL SOURCE OF FUNDS	40,805,400	45,573,400	36,757,700	35,358,100
EXPENDITURES BY CLASS				
Personnel Cost	25,837,700	30,083,100	21,327,400	21,389,100
Operating Expenses	5,448,000	5,940,600	5,006,500	5,030,200
Grants, Loans or Benefits	7,227,900	7,257,900	7,197,900	7,197,900
Capital Outlay	15,000	15,000		
TOTAL EXPENDITURES	38,528,600	43,296,600	33,531,800	33,617,200
EXPENDITURES BY FUND SOURCE				
General Fund	32,656,400	37,328,800	25,264,400	25,264,400
Restricted Funds	4,398,200	4,398,200	6,623,400	6,783,200
Federal Funds	1,474,000	1,569,600	1,644,000	1,569,600
TOTAL EXPENDITURES	38,528,600	43,296,600	33,531,800	33,617,200
EXPENDITURES BY UNIT				
Office of the Public Advocate	1,004,400	1,055,500	965,400	965,400
Defense Services	33,647,000	38,040,100	29,258,900	29,418,700
Law Operations	1,807,500	1,902,000	1,518,200	1,468,200
Protection and Advocacy	2,069,700	2,299,000	1,789,300	1,764,900
TOTAL EXPENDITURES	38,528,600	43,296,600	33,531,800	33,617,200

The U. S. and Kentucky Constitutions mandate that all criminal defendants have the assistance of counsel. The Kentucky Department of Public Advocacy (DPA) was established in KRS Chapter 31 to provide representation for indigent persons accused of crimes (or mental states) which may result in their incarceration. Kentucky's mandated public defender services are delivered by a system consisting of full-time employed public defenders, full-time non-state public defenders, and private attorneys contracting with the Department to provide services. The Department, under the direction of the Public Advocate, is attached to the Justice and Public Safety Cabinet for administrative purposes.

The Office of the Public Advocate is responsible for the oversight of the agency and includes all strategic planning and education functions.

The Operations Division provides budget, personnel, administrative, technology, library services, research, and management support for the Office.

The Trial Division represents all needy persons accused of crimes punishable by loss of liberty or a fine of \$500 or more; persons accused of juvenile delinquency and status offenses; and all needy persons faced with involuntary commitments due to mental state or condition in all of Kentucky's 120 counties. This includes district, circuit, drug, juvenile, and family court venues.

The Post-Trial Division provides mandated defender services for indigent persons after conviction. These services provide access to the courts at the appellate level.

The Department's Protection and Advocacy Division was established pursuant to Public Law 99-319, Public Law 101-496, and KRS 31.030. The Division seeks legal, administrative, and other appropriate remedies to insure protection of Kentuckians with developmental disabilities and mental illness. Most of the funds in this division's budget are federal funds that have strict non-supplanting requirements.

Policy

The Budget of the Commonwealth provides an expansion of restricted funds support in the amount of \$830,400 in fiscal year 2005 and \$990,200 in fiscal year 2006 to provide assistance in handling increasing caseloads in public advocacy offices statewide.

**Justice and Public Safety Cabinet
Vehicle Enforcement**

	<u>Requested FY 2005</u>	<u>Requested FY 2006</u>	<u>Enacted FY 2005</u>	<u>Enacted FY 2006</u>
SOURCE OF FUNDS				
Restricted Funds				
Balance Forward	25,600	68,700	769,100	
Current Receipts	372,300	375,300	372,300	723,500
Total Restricted Funds	397,900	444,000	1,141,400	723,500
Federal Funds				
Current Receipts	3,614,800	3,787,100	3,614,800	3,787,100
Total Federal Funds	3,614,800	3,787,100	3,614,800	3,787,100
Road Fund				
Regular Appropriation	12,795,300	13,575,700	12,696,600	12,999,000
Total Road Fund	12,795,300	13,575,700	12,696,600	12,999,000
TOTAL SOURCE OF FUNDS	16,808,000	17,806,800	17,452,800	17,509,600
EXPENDITURES BY CLASS				
Personnel Cost	13,220,400	14,173,100	13,121,700	13,944,600
Operating Expenses	3,518,900	3,518,900	4,331,100	3,565,000
TOTAL EXPENDITURES	16,739,300	17,692,000	17,452,800	17,509,600
EXPENDITURES BY FUND SOURCE				
Restricted Funds	329,200	329,200	1,141,400	723,500
Federal Funds	3,614,800	3,787,100	3,614,800	3,787,100
Road Fund	12,795,300	13,575,700	12,696,600	12,999,000
TOTAL EXPENDITURES	16,739,300	17,692,000	17,452,800	17,509,600

The Department of Kentucky Vehicle Enforcement's (KVE) is responsible for enforcing state and federal laws and regulations pertaining to the operation of commercial vehicles within the Commonwealth. It is the primary mission of KVE to encourage and promote a safe driving environment through education and safety awareness while enforcing laws and regulations relating to commercial vehicles. Specific responsibilities include the enforcement of:

- State and Federal Motor Carrier Safety regulations and Federal Hazardous Material Transport regulations
- Economic regulations (KRS 138 and 186)
- Size and weight regulations (KRS 189 and 23 CFR, Parts 657 and 658)
- Traffic laws in road construction work zones (KRS 189.232)
- DUI statutes (KRS 189A.010) on drivers of passenger vehicles when violations are observed

The Department is divided into ten regions throughout the state which operate 17 weigh/inspection stations in accordance with KRS 189.227, and provides enforcement coverage on related bypass routes. KVE employees include officers, inspectors, supervisors, and civilian support personnel. The inspectors are assigned to fixed facilities where they perform safety inspections, enforce size and weight regulations, and enforce the highway use tax. Officers perform these same duties both at fixed facilities and through mobile enforcement. In addition, officers conduct drug and criminal interdiction as well as traffic enforcement. The Department also has a drug interdiction unit that has six canines and handlers. The drug interdiction unit, along with the inspecting personnel, make numerous drug seizures and bulk cash seizures annually.

Kentucky's program is comprehensive, encompassing all elements as outlined in the Federal Motor Carrier Safety Assistance (FMCSA) national program outline (49 CFR, Part 350). Program elements include:

- Commercial vehicle/driver safety inspections
- Traffic enforcement activities, including stopping commercial vehicles operating on highways, streets or roads for violations of state or local motor vehicle or traffic laws

- Review of motor carriers for compliance with Federal Motor Carrier Safety and Federal Hazardous Material Safety regulations and rendering to the carriers educational and technical assistance with regard to regulatory compliance
- Public education and awareness
- Motor carrier safety data collection and reporting

KVE provides funds to two MCSAP sub-grantees, the Lexington and Louisville Police Departments. Both police agencies conduct commercial vehicle inspections and perform traffic enforcement activities. These partner agencies have been valuable in creating a stronger commercial vehicle enforcement presence in urban areas, thus allowing a more efficient deployment of limited KVE resources in other areas of the Commonwealth.

Policy

The Budget of the Commonwealth provides additional Road Fund resources in the amount of \$348,200 in fiscal year 2006 to initiate a \$3,100 annual training incentive stipend for vehicle enforcement officers effective January 1, 2006.

Additional Road Fund resources of \$250,000 are provided in both years of the biennium for eight additional positions to provide administrative support in the areas of accounting, purchasing, budget preparation and management.

Personnel Cabinet

	<u>Requested FY 2005</u>	<u>Requested FY 2006</u>	<u>Enacted FY 2005</u>	<u>Enacted FY 2006</u>
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	3,285,700	3,285,700	26,452,200	56,736,500
Total General Fund	3,285,700	3,285,700	26,452,200	56,736,500
Restricted Funds				
Balance Forward	5,973,600	4,622,400	7,221,200	4,393,300
Current Receipts	41,133,400	45,486,200	39,466,600	44,074,100
Non-Revenue Receipts	2,645,400	1,320,000	3,822,300	1,820,000
Fund Transfers	-146,000		-201,000	
Total Restricted Funds	49,606,400	51,428,600	50,309,100	50,287,400
TOTAL SOURCE OF FUNDS	52,892,100	54,714,300	76,761,300	107,023,900
EXPENDITURES BY CLASS				
Personnel Cost	41,137,200	45,911,600	64,952,900	96,854,400
Operating Expenses	6,968,200	7,174,800	7,134,800	7,310,300
Debt Service				1,164,000
Capital Outlay	310,300	400,200	280,300	400,200
TOTAL EXPENDITURES	48,415,700	53,486,600	72,368,000	105,728,900
EXPENDITURES BY FUND SOURCE				
General Fund	3,285,700	3,285,700	26,452,200	56,736,500
Restricted Funds	45,130,000	50,200,900	45,915,800	48,992,400
TOTAL EXPENDITURES	48,415,700	53,486,600	72,368,000	105,728,900
EXPENDITURES BY UNIT				
General Operations	16,850,400	17,962,000	16,277,200	18,015,900
Workers' Compensation Benefits and Reserve	24,687,500	27,977,600	24,666,800	27,931,500
Public Employees Deferred Compensation Authority	5,337,000	5,912,300	5,133,200	5,648,600
Government Training	1,540,800	1,634,700	1,542,200	1,574,000
State Salary and Compensation Fund			7,053,000	14,100,000
State Group Health Insurance Fund			17,695,600	38,458,900
TOTAL EXPENDITURES	48,415,700	53,486,600	72,368,000	105,728,900

The Department of Personnel was created in 1960 under KRS 18.160. At the time of its inception, it was headed by a personnel board consisting of five members appointed by the Governor. The terms of the board members were for four years, but the first board appointed was on staggered terms. At the first meeting of the Personnel Board, the board appointed a committee of three persons to conduct an examination of qualified applicants for the position of Commissioner of Personnel. Upon the completion of the examination the board certified three names of qualified applicants from the classified service to the Governor for appointment. In 1972, the legislature authorized the Department of Personnel and made its commissioner a direct appointee of the Governor without nominations from the Personnel Board.

In 1982, KRS 18.160 was repealed and re-enacted under KRS chapter 18A.015. At this time the personnel board was abolished from this chapter of the statutes. 1982 also marks the time authorizing the Department to charge other state agencies their pro rata share of costs associated with the administration of the Executive Branch's personnel related functions. This was a pre-cursor to the department's "benefit assessment fee."

In 1998, the General Assembly elevated the department to Cabinet status. As then and now, the Personnel Cabinet provides human resources management for Kentucky state government agencies. The Cabinet coordinates the personnel and payroll functions for most of state government. It coordinates state employee benefit packages, such as health and life insurance, workers' compensation and deferred compensation programs. The Cabinet coordinates state government's employee application and testing processes, as well as recruiting and retention functions.

The Personnel Cabinet is comprised of five appropriation units: General Operations, Public Employees Deferred Compensation Authority, the Workers' Compensation Benefits and Reserve, Government Training, the State Salary and Compensation Fund, and the State Group Health Insurance Fund.

Policy

Executive Order 2004 - 832, executed on August 3, 2004, as amended by Executive Order 2004-903, dated August 17, 2004 was ratified by the 2005 General Assembly in Senate Bill 43 and confirms the Personnel Cabinet and its organizational structure.

**Personnel Cabinet
General Operations**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	3,285,700	3,285,700	1,703,600	4,177,600
Total General Fund	3,285,700	3,285,700	1,703,600	4,177,600
Restricted Funds				
Balance Forward	3,660,200	3,575,600	4,697,600	3,266,300
Current Receipts	11,986,300	12,076,800	10,617,600	11,048,100
Non-Revenue Receipts	1,493,800	173,000	2,670,700	673,000
Fund Transfers	-146,000		-146,000	
Total Restricted Funds	16,994,300	15,825,400	17,839,900	14,987,400
TOTAL SOURCE OF FUNDS	20,280,000	19,111,100	19,543,500	19,165,000
EXPENDITURES BY CLASS				
Personnel Cost	11,808,600	12,637,600	11,143,800	11,447,300
Operating Expenses	4,769,700	4,975,400	4,891,300	5,055,600
Debt Service				1,164,000
Capital Outlay	272,100	349,000	242,100	349,000
TOTAL EXPENDITURES	16,850,400	17,962,000	16,277,200	18,015,900
EXPENDITURES BY FUND SOURCE				
General Fund	3,285,700	3,285,700	1,703,600	4,177,600
Restricted Funds	13,564,700	14,676,300	14,573,600	13,838,300
TOTAL EXPENDITURES	16,850,400	17,962,000	16,277,200	18,015,900
EXPENDITURES BY UNIT				
General Administration	2,490,300	2,664,300	2,291,800	3,513,300
Employee Relations	1,628,000	1,798,200	1,476,900	1,536,500
Public Employee Health Insurance	5,998,300	6,244,500	6,253,600	6,398,500
Personnel Administration	6,733,800	7,255,000	6,254,900	6,567,600
TOTAL EXPENDITURES	16,850,400	17,962,000	16,277,200	18,015,900

The General Operations appropriation unit includes two departments and four offices: the Department for Personnel Administration and the Department for Employee Insurance; the Office of the Secretary, the Office of Administrative Services, the Office of Legal Services, and the Office of Employee Relations.

The Secretary of Personnel provides policy and management support to the offices and units of the Cabinet, promulgates administrative regulations, advises the Personnel Board on matters pertaining to the classified service, and conducts investigations on all matters relating to personnel statutes and regulations. Reporting to the Secretary are the Commonwealth's Equal Employment Opportunity program and the State Minority Management program.

The Department of Personnel Administration consists of two divisions: the Division of Employee Management and the Division of Staffing Services. The responsibilities of this department include recruiting, counseling, testing, and certifying persons for employment with the Commonwealth; maintaining the classification and compensation system; auditing and certifying state payrolls; preparing and maintaining the official personnel and payroll records; and coordinating and implementing employee performance evaluation systems.

The Department of Employee Insurance manages health insurance coverage for state employees, local boards of education, local health departments, and other public and quasi-public agencies. It manages the Commonwealth Choice 125 benefit program for state employees and provides administrative support for the Group Health Insurance Board under KRS 18A.226 and 18A.227.

The Office of Administrative Services' responsibilities include overseeing the internal operations of the Cabinet, including personnel related matters, accounting, property management, and procurement functions.

The Office of Legal services provides all legal services relating to the enforcement and application of state and federal laws and regulations governing employment to the Cabinet and executive branch agencies upon request.

The Office of Employee Relations program includes two units, Employee Benefits and Communications and Recognition. The program administers the Kentucky Employee Assistance Program, which provides assistance to troubled employees, life insurance benefits for state employees, the employee suggestion system, the Commonwealth Communique newsletter, a mediation program to help resolve employment problems, the state safety program, and the self-insured Workers' Compensation program. The Workers' Compensation program provides benefits to workers injured on the job and manages a return-to-work program. The program provides coverage for state employees, most regional universities, volunteer firemen, volunteer ambulance personnel, and various local government entities.

Policy

The Budget of the Commonwealth provides General Fund support totaling \$1,164,000 in fiscal year 2006 for debt service on the new personnel and payroll system. The new system will replace the current system that is nearly twenty five years old and has limited functionality.

The enacted budget provides restricted funds totaling \$500,000 in fiscal year 2005 and \$500,000 in fiscal year 2006 for the Governor's Wellness Initiative. This initiative will focus on improving employee health.

Personnel Cabinet
Public Employees Deferred Compensation Authority

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Restricted Funds				
Balance Forward	1,730,000	861,500	1,730,000	861,500
Current Receipts	4,517,700	5,180,000	4,313,900	4,916,300
Non-Revenue Receipts	-49,200	-50,600	-49,200	-50,600
Total Restricted Funds	6,198,500	5,990,900	5,994,700	5,727,200
TOTAL SOURCE OF FUNDS	6,198,500	5,990,900	5,994,700	5,727,200
EXPENDITURES BY CLASS				
Personnel Cost	4,922,300	5,488,300	4,748,500	5,249,300
Operating Expenses	387,300	387,500	357,300	362,800
Capital Outlay	27,400	36,500	27,400	36,500
TOTAL EXPENDITURES	5,337,000	5,912,300	5,133,200	5,648,600
EXPENDITURES BY FUND SOURCE				
Restricted Funds	5,337,000	5,912,300	5,133,200	5,648,600
TOTAL EXPENDITURES	5,337,000	5,912,300	5,133,200	5,648,600

The Kentucky Public Employees Deferred Compensation Authority administers deferred compensation plans as established in the U.S. Internal Revenue Codes 457, 401(k), and 403 (b) and KRS 18A.230-18A.350 as tax-sheltered, supplemental retirement savings programs. These programs are an optional benefit for Kentucky's public employees.

Policy

The Budget of the Commonwealth provides additional restricted fund support of \$325,000 in fiscal year 2005 and \$500,000 in fiscal year 2006 for the Deferred Compensation 403(b) Plan and an IRA plan. The funding will provide additional support to the Deferred Compensation Authority for an escalating number of participants joining the group and costs associated with third party administration.

**Personnel Cabinet
Workers' Compensation Benefits and Reserve**

	<u>Requested FY 2005</u>	<u>Requested FY 2006</u>	<u>Enacted FY 2005</u>	<u>Enacted FY 2006</u>
SOURCE OF FUNDS				
Restricted Funds				
Balance Forward	306,700		306,700	
Current Receipts	24,500,000	28,100,000	24,479,300	28,053,900
Non-Revenue Receipts	-119,200	-122,400	-119,200	-122,400
Total Restricted Funds	<u>24,687,500</u>	<u>27,977,600</u>	<u>24,666,800</u>	<u>27,931,500</u>
TOTAL SOURCE OF FUNDS	24,687,500	27,977,600	24,666,800	27,931,500
EXPENDITURES BY CLASS				
Personnel Cost	23,150,500	26,436,000	23,129,800	26,389,900
Operating Expenses	1,526,200	1,526,900	1,526,200	1,526,900
Capital Outlay	10,800	14,700	10,800	14,700
TOTAL EXPENDITURES	<u>24,687,500</u>	<u>27,977,600</u>	<u>24,666,800</u>	<u>27,931,500</u>
EXPENDITURES BY FUND SOURCE				
Restricted Funds	24,687,500	27,977,600	24,666,800	27,931,500
TOTAL EXPENDITURES	<u>24,687,500</u>	<u>27,977,600</u>	<u>24,666,800</u>	<u>27,931,500</u>

Created in 1990, the Workers' Compensation Benefits and Reserve is state government's self insured workers' compensation program. The program provides coverage to all three branches of government: executive, legislative, and judicial, but excludes the Transportation Cabinet, the University of Kentucky and the University of Louisville. The program also covers volunteer firefighters, volunteer ambulance personnel, the Fayette County Health Department and employees of county clerk's and sheriff's offices when the county's population is 70,000 or more.

The revenue accruing to the program is derived from participating agencies based upon the claims history of the agency. Claims history is calculated upon a three year running average.

Policy

The Budget of the Commonwealth provides additional restricted fund appropriation, subject to conditions and procedures provided in House Bill 267, if claims against the fund exceed appropriated amounts contained herein.

**Personnel Cabinet
Government Training**

	<u>Requested FY 2005</u>	<u>Requested FY 2006</u>	<u>Enacted FY 2005</u>	<u>Enacted FY 2006</u>
SOURCE OF FUNDS				
Restricted Funds				
Balance Forward	276,700	185,300	486,900	265,500
Current Receipts	129,400	129,400	55,800	55,800
Non-Revenue Receipts	1,320,000	1,320,000	1,320,000	1,320,000
Fund Transfers			-55,000	
Total Restricted Funds	<u>1,726,100</u>	<u>1,634,700</u>	<u>1,807,700</u>	<u>1,641,300</u>
TOTAL SOURCE OF FUNDS	1,726,100	1,634,700	1,807,700	1,641,300
EXPENDITURES BY CLASS				
Personnel Cost	1,255,800	1,349,700	1,182,200	1,209,000
Operating Expenses	285,000	285,000	360,000	365,000
TOTAL EXPENDITURES	<u>1,540,800</u>	<u>1,634,700</u>	<u>1,542,200</u>	<u>1,574,000</u>
EXPENDITURES BY FUND SOURCE				
Restricted Funds	1,540,800	1,634,700	1,542,200	1,574,000
TOTAL EXPENDITURES	<u>1,540,800</u>	<u>1,634,700</u>	<u>1,542,200</u>	<u>1,574,000</u>

Executive Order 2004-832, executed on August 3, 2004 as amended by Executive Order 2004-903, dated August 17, 2004 transferred the organization, formerly known as the Governmental Services Center, to the Personnel Cabinet, and renamed it as the Office of Government Training. The 2005 General Assembly adopted Senate Bill 43 which ratified The Office of Government Training as an organization within the Personnel Cabinet. The Office is responsible for the development, coordination, content, approval, and implementation of all training, employee development, and related programs conducted for state government agencies.

In addition to its role within state government, the statutory authority also allows the Office of Government Training, at the request of the Department of Local Government, to provide services to counties, cities, and other political subdivisions of the state. The Office may provide private industry with consultation, research, programs, and employee assessment services, at the request of the Cabinet for Economic Development. These services are provided on a cost reimbursement basis.

The Office of Government Training provides government-wide quality services in training, consultation, and organization development to support and strengthen the work of individuals and agencies in continuous improvement, strategic planning, performance measurement, and excellence in public service.

**Personnel Cabinet
State Salary and Compensation Fund**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation			7,053,000	14,100,000
Total General Fund			7,053,000	14,100,000
TOTAL SOURCE OF FUNDS			7,053,000	14,100,000
EXPENDITURES BY CLASS				
Personnel Cost			7,053,000	14,100,000
TOTAL EXPENDITURES			7,053,000	14,100,000
EXPENDITURES BY FUND SOURCE				
General Fund			7,053,000	14,100,000
TOTAL EXPENDITURES			7,053,000	14,100,000

The State Salary and Compensation Fund is an appropriation unit created as the result of the actions taken by the General Assembly in the 2004 Extraordinary Session. The Governor called the special session to address the issue of employee health insurance. Subsequently, the General Assembly, through the enactment of House Bill 1, created the State Salary and Compensation Fund as the placeholder for supplemental funding for state employee salaries and compensation.

Policy

Notwithstanding House Bill 1 of the 2004 Extraordinary Session of the General Assembly, General Fund support totaling \$7,053,000 is provided in fiscal year 2005 for an increase in the state employee increment as compared to that recommended in the Executive Budget submitted to the 2004 Regular Session of the General Assembly.

The Budget of the Commonwealth appropriates \$14,100,000 in General Fund support for the additional costs related to the three percent cost-of-living adjustment.

**Personnel Cabinet
State Group Health Insurance Fund**

	<u>Requested FY 2005</u>	<u>Requested FY 2006</u>	<u>Enacted FY 2005</u>	<u>Enacted FY 2006</u>
SOURCE OF FUNDS				
General Fund				
Regular Appropriation			17,695,600	38,458,900
Total General Fund			<u>17,695,600</u>	<u>38,458,900</u>
TOTAL SOURCE OF FUNDS			17,695,600	38,458,900
EXPENDITURES BY CLASS				
Personnel Cost			17,695,600	38,458,900
TOTAL EXPENDITURES			<u>17,695,600</u>	<u>38,458,900</u>
EXPENDITURES BY FUND SOURCE				
General Fund			17,695,600	38,458,900
TOTAL EXPENDITURES			<u>17,695,600</u>	<u>38,458,900</u>

The State Group Health Insurance Fund is an appropriation unit created as the result of the actions taken by the General Assembly in the 2004 Extraordinary Session. In October 2004, the Governor called the special session to address the issue of employee health insurance. The General Assembly created this appropriation unit as the placeholder for the additional employer share of state group health insurance costs.

Policy

Notwithstanding House Bill 1 of the 2004 Extraordinary Session of the General Assembly, the Budget of the Commonwealth provides General Fund support totaling \$17,695,600 in fiscal year 2005 for the additional employer costs for employee health insurance resulting from actions taken in the 2004 special session. These amounts supplement the amounts provided as part of the Executive Budget recommendation submitted to the January 2004 Regular Session of the General Assembly. For fiscal year 2005, \$15,241,400 is provided for executive branch agencies and \$2,454,200 for eligible quasi-governmental employers and the Kentucky Community and Technical College System (KCTCS).

The enacted budget provides \$38,458,900 (\$31,191,200 for executive branch employers and \$7,267,700 for eligible quasi-governmental employers and KCTCS) in General Fund support for fiscal year 2006 for the additional costs associated with maintaining the current health insurance benefit structure adopted by the 2004 Extraordinary Session of the General Assembly.

Postsecondary Education

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	1,310,321,800	1,506,776,800	1,171,539,300	1,261,823,800
Continuing Appropriation			1,865,500	
Total General Fund	1,310,321,800	1,506,776,800	1,173,404,800	1,261,823,800
Tobacco Settlement-Phase I				
Tobacco Settlement - I	6,681,200	6,736,200	6,331,300	6,321,300
Continuing Appropriation			63,600	
Total Tobacco Settlement-Phase I	6,681,200	6,736,200	6,394,900	6,321,300
Restricted Funds				
Balance Forward	4,673,200	18,400	8,550,400	1,366,200
Current Receipts	1,995,104,600	2,115,978,800	1,993,331,600	2,116,662,600
Non-Revenue Receipts	81,389,600	86,251,500	77,802,500	84,014,800
Fund Transfers			-10,268,900	-3,500,000
Total Restricted Funds	2,081,167,400	2,202,248,700	2,069,415,600	2,198,543,600
Federal Funds				
Current Receipts	541,825,800	575,623,100	541,825,800	575,623,100
Total Federal Funds	541,825,800	575,623,100	541,825,800	575,623,100
TOTAL SOURCE OF FUNDS	3,939,996,200	4,291,384,800	3,791,041,100	4,042,311,800
EXPENDITURES BY CLASS				
Personnel Cost	2,013,182,000	2,142,546,200	1,946,634,900	2,128,507,400
Operating Expenses	980,845,000	1,033,315,500	962,674,100	992,577,200
Grants, Loans or Benefits	750,315,700	880,910,600	696,042,400	714,914,500
Debt Service	87,425,000	122,022,000	79,309,400	97,556,300
Capital Outlay	108,070,100	112,590,500	104,874,100	107,408,600
Construction	140,000		140,000	
TOTAL EXPENDITURES	3,939,977,800	4,291,384,800	3,789,674,900	4,040,964,000
EXPENDITURES BY FUND SOURCE				
General Fund	1,310,321,800	1,506,776,800	1,173,404,800	1,261,823,800
Tobacco Settlement-Phase I	6,681,200	6,736,200	6,394,900	6,321,300
Restricted Funds	2,081,149,000	2,202,248,700	2,068,049,400	2,197,195,800
Federal Funds	541,825,800	575,623,100	541,825,800	575,623,100
TOTAL EXPENDITURES	3,939,977,800	4,291,384,800	3,789,674,900	4,040,964,000
EXPENDITURES BY UNIT				
Council on Postsecondary Education	148,578,400	264,528,800	151,747,800	165,758,700
Kentucky Higher Education Assistance Authority	256,096,700	284,813,200	194,279,100	196,454,800
Postsecondary Education Institutions	3,535,302,700	3,742,042,800	3,443,648,000	3,678,750,500
TOTAL EXPENDITURES	3,939,977,800	4,291,384,800	3,789,674,900	4,040,964,000

**Postsecondary Education
Council on Postsecondary Education**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	117,688,600	238,618,200	124,139,300	189,386,700
Other				-50,000,000
Total General Fund	117,688,600	238,618,200	124,139,300	139,386,700
Tobacco Settlement-Phase I				
Tobacco Settlement - I	5,681,200	5,736,200	5,431,300	5,421,300
Total Tobacco Settlement-Phase I	5,681,200	5,736,200	5,431,300	5,421,300
Restricted Funds				
Balance Forward	4,500,300		4,377,600	731,000
Current Receipts	1,115,000	1,075,000	1,197,200	1,075,000
Non-Revenue Receipts	493,900		-1,366,000	776,300
Fund Transfers			-400,000	
Total Restricted Funds	6,109,200	1,075,000	3,808,800	2,582,300
Federal Funds				
Current Receipts	19,099,400	19,099,400	19,099,400	19,099,400
Total Federal Funds	19,099,400	19,099,400	19,099,400	19,099,400
TOTAL SOURCE OF FUNDS	148,578,400	264,528,800	152,478,800	166,489,700
EXPENDITURES BY CLASS				
Personnel Cost	17,875,100	18,400,900	16,528,600	16,597,200
Operating Expenses	7,972,700	7,067,600	7,565,700	6,844,700
Grants, Loans or Benefits	122,046,500	202,291,200	127,546,000	123,696,800
Debt Service	569,100	36,654,100		18,515,000
Capital Outlay	115,000	115,000	107,500	105,000
TOTAL EXPENDITURES	148,578,400	264,528,800	151,747,800	165,758,700
EXPENDITURES BY FUND SOURCE				
General Fund	117,688,600	238,618,200	124,139,300	139,386,700
Tobacco Settlement-Phase I	5,681,200	5,736,200	5,431,300	5,421,300
Restricted Funds	6,109,200	1,075,000	3,077,800	1,851,300
Federal Funds	19,099,400	19,099,400	19,099,400	19,099,400
TOTAL EXPENDITURES	148,578,400	264,528,800	151,747,800	165,758,700
EXPENDITURES BY UNIT				
Agency Operations	6,004,600	6,331,900	5,299,200	5,425,500
Adult Education & Literacy Operations	3,106,300	3,239,300	2,880,400	2,880,400
Pass Through Programs	5,579,200	5,906,800	5,404,200	7,276,600
Federal Programs	3,950,000	3,950,000	3,950,000	3,950,000
Kentucky Virtual University	5,663,400	4,787,600	5,152,900	4,410,100
Strategic Invest & Incentive Funding Program	124,274,900	240,313,200	129,061,100	141,816,100
TOTAL EXPENDITURES	148,578,400	264,528,800	151,747,800	165,758,700

The Council on Postsecondary Education serves as the representative agency in matters of postsecondary education and in this role brings a statewide perspective to postsecondary education issues and planning. The council has the responsibility both for guiding the system and serving as an advocate for postsecondary education as a part of the total education enterprise. The primary focus of the council is the coordination of an effective system of postsecondary education meeting the current and future educational needs of the Commonwealth. In July 2003 the Governor issued an executive order giving the Council authority to operate Kentucky's adult education system, bringing all of Kentucky's public postsecondary and adult education providers under a single authority.

The six goals for the postsecondary education system, codified in KRS 164.003(2), are summarized below:

- 1 A seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life.
- 2 A major comprehensive research institution ranked nationally in the top 20 public universities at the University of Kentucky.
- 3 A premier, nationally-recognized metropolitan research university at the University of Louisville.
- 4 Regional universities, with at least one nationally-recognized program of distinction or one nationally-recognized applied research program, working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.
- 5 A comprehensive community and technical college system with a mission that assures, in conjunction with other postsecondary institutions, access throughout the Commonwealth to a two year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.
- 6 An efficient, responsive, and coordinated system of providers that delivers educational services to all adult citizens in quantities and of a quality that is comparable to the national average or above and significantly elevates the level of education of the adults of the Commonwealth.

The Council is the liaison between postsecondary education and other segments of the education community. This role is particularly important in relation to other state agencies relating to elementary and secondary education and those directly impacting postsecondary education. The creation of the P-16 council, a joint effort of the council and the Kentucky Board of Education, is a concerted effort to identify common issues between the two systems and to further identify solutions.

The statutory responsibilities set forth in KRS Chapter 164 primarily involve: determining the needs of postsecondary education in the Commonwealth; developing and implementing a strategic agenda and strategic implementation plan (the Action Agenda) designed to achieve the legislatively mandated goals for postsecondary education; setting tuition rates or overseeing the setting of tuition rates by the public postsecondary education institutions; provide the Governor and the General Assembly reports on the performance of the postsecondary education system and the individual institutions in achieving the goals of postsecondary education reform; operating the Kentucky Virtual University and the Kentucky Virtual Library; supporting P-16 reform initiatives; administering a comprehensive program for adult students; establishing technology standards for distance education; deregulating, where possible, the policies and procedures of the Council; establishing minimum standards for admissions; reviewing, modifying, approving and eliminating academic programs; reviewing and recommending funding for the public institutions; administering the strategic investment and incentive funding program; approving and recommending capital projects; maintaining a statewide system of accountability; and, licensing private degree-granting and proprietary baccalaureate degree-granting institutions. The Council also is the representative agency of the Commonwealth in postsecondary education matters not specifically delegated by statute to any of the public institutions and for interstate compacts and agreements.

**Postsecondary Education
Council on Postsecondary Education
Agency Operations**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	5,765,100	6,256,900	5,184,200	5,350,500
Total General Fund	5,765,100	6,256,900	5,184,200	5,350,500
Restricted Funds				
Balance Forward	124,500		202,300	162,300
Current Receipts	115,000	75,000	75,000	75,000
Total Restricted Funds	239,500	75,000	277,300	237,300
TOTAL SOURCE OF FUNDS	6,004,600	6,331,900	5,461,500	5,587,800
EXPENDITURES BY CLASS				
Personnel Cost	5,201,300	5,514,600	4,496,500	4,611,300
Operating Expenses	753,300	767,300	760,200	774,200
Capital Outlay	50,000	50,000	42,500	40,000
TOTAL EXPENDITURES	6,004,600	6,331,900	5,299,200	5,425,500
EXPENDITURES BY FUND SOURCE				
General Fund	5,765,100	6,256,900	5,184,200	5,350,500
Restricted Funds	239,500	75,000	115,000	75,000
TOTAL EXPENDITURES	6,004,600	6,331,900	5,299,200	5,425,500

The Agency Operations program is the support unit of the Council. The Agency Operations budget includes funding for operating activities in support of development and implementation of the strategic agenda and action plan, academic program review, capital and operating finances, and implementation of the Strategic Investment and Incentive Funding Program.

Authority for the council is found in KRS 164.013, 164.0203, and 164.020. The agency operations program is the support unit of the council. As such, employees included in the agency operations program provided limited direct services to students and faculty at public and private postsecondary education institutions, legislators, members of the governor's staff, and other state agencies. The council does license private postsecondary education institutions, a regulatory function.

Agency operations include staff and operating expenses necessary to manage the agency and programs of the council with the exception of those employees involved in the direct delivery of services for adult education and the Kentucky Virtual University/Virtual Library. The staff is organized into seven primary units with agency operations providing support services to all units:

- The Executive unit consists of the CPE president, executive vice president, general counsel, and support staff. The executive unit provides leadership and direction to the other units, coordinates the postsecondary education equal opportunity efforts, directs strategic planning, accountability, and assessment efforts, and, provides legal services to the agency.
- The Public Affairs, Communications, and Human Resources unit, headed by the agency's Chief of Staff, includes support staff providing governmental and legislative services, media relations, and communications planning for the entire agency as well as human resources services.
- Academic Affairs includes activities related to approval, modification, disapproval, or discontinuance of academic programs, extended campus activities, academic course inventory, admissions standards, accountability, statewide strategic planning, early childhood literacy, baccalaureate degree transfer, academic common market, the Kentucky Educational Excellence Scholarship (KEES) program, and licensure of independent colleges and universities.

Testing and Local P-16 Council initiatives are funded through the council's pass-through programs. New economy responsibilities of this unit include oversight of the Science and Technology funding program and coordination of the state's economic development initiatives in conjunction with the Economic Development Cabinet.

- Adult Education was transferred to the council in 2003. The agency operations unit provides governmental relations, communications, information, technology, and business office support to the direct program activities of the adult education program unit.
- The Kentucky Virtual University/Virtual Library operates a comprehensive set of university programs that include over 16,000 learners. The virtual library is a consortium of public and private postsecondary education libraries, the Kentucky Department for Libraries and Archives, the Kentucky Department of Education, the county and city public libraries, and special libraries. The agency operations unit provides governmental relations, communications, information, technology, and business office support to the program activities of the Kentucky Virtual University/Virtual Library program unit.
- The Finance unit is responsible for developing funding approaches for the institutions, the analysis of postsecondary education financial information, the review and recommendation of capital construction projects, tuition setting, reciprocity agreements, and the administration of the strategic investment and incentive trust funds. In addition to these institutionally focused activities, the Finance unit also is responsible for the administrative and business operations of the agency; budgeting, accounting, purchasing, printing/copying, telecommunications services, and inventory control.
- Information Technology includes those activities related to the collection and analysis of student data collected through the agency's comprehensive data base, support and maintenance of the agency's computing needs including the local area network and coordination of statewide technology efforts. The information technology unit provides services to all of the program units of the council. The agency's general counsel also serves as Associate Vice President for Information Technology.

**Postsecondary Education
Council on Postsecondary Education
Adult Education & Literacy Operations**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	2,154,300	2,287,300	1,928,400	1,928,400
Total General Fund	2,154,300	2,287,300	1,928,400	1,928,400
Restricted Funds				
Balance Forward			74,600	74,600
Current Receipts	75,000	75,000	75,000	75,000
Total Restricted Funds	75,000	75,000	149,600	149,600
Federal Funds				
Current Receipts	877,000	877,000	877,000	877,000
Total Federal Funds	877,000	877,000	877,000	877,000
TOTAL SOURCE OF FUNDS	3,106,300	3,239,300	2,955,000	2,955,000
EXPENDITURES BY CLASS				
Personnel Cost	2,481,200	2,603,100	2,255,300	2,244,200
Operating Expenses	625,100	636,200	625,100	636,200
TOTAL EXPENDITURES	3,106,300	3,239,300	2,880,400	2,880,400
EXPENDITURES BY FUND SOURCE				
General Fund	2,154,300	2,287,300	1,928,400	1,928,400
Restricted Funds	75,000	75,000	75,000	75,000
Federal Funds	877,000	877,000	877,000	877,000
TOTAL EXPENDITURES	3,106,300	3,239,300	2,880,400	2,880,400

Adult Education was transferred to the council from the Workforce Development Cabinet in the summer of 2003. The operations portion of the adult education budget is located in the Adult Education and Literacy Operations program; grant activity is located in the Adult Education and Literacy Funding Program.

The Adult Education and Literacy Operations program administers a statewide, comprehensive adult education system using both federal and state funds. A portion of the state funds are devoted to matching the federal funds and providing the required maintenance-of-effort. Federal and state adult education funds and grants funds are awarded through a competitive grant process open to eligible entities identified by statute. Contracts are made with various agencies selected through this process to provide adult education and literacy services in all 120 counties. Among these agencies are local boards of education, community and technical colleges, community-based organizations, education consortia, public and private non-profit organizations, and correctional institutions. Instruction is funded to improve educational skills through several program types: literacy/Adult Basic Education (ABE)/GED; family literacy; workplace education; corrections education; and English as a second language (ESL).

This program is also the administering agency for the General Educational Development (GED) diploma program, overseeing the GED Testing Program jointly with the GED Testing Service of the American Council on Education. The GED Testing Program provides statewide testing in the areas of: language arts, writing; social studies; science; language arts, reading; and mathematics. These tests measure the educational achievement of adults who have not graduated from high school and compare their competency with that of high school seniors.

**Postsecondary Education
Council on Postsecondary Education
Pass Through Programs**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	5,085,300	5,906,800	4,910,300	56,500,300
Other				-50,000,000
Total General Fund	5,085,300	5,906,800	4,910,300	6,500,300
Restricted Funds				
Non-Revenue Receipts	493,900		493,900	776,300
Total Restricted Funds	493,900		493,900	776,300
TOTAL SOURCE OF FUNDS	5,579,200	5,906,800	5,404,200	7,276,600
EXPENDITURES BY CLASS				
Grants, Loans or Benefits	5,579,200	5,906,800	5,404,200	7,276,600
TOTAL EXPENDITURES	5,579,200	5,906,800	5,404,200	7,276,600
EXPENDITURES BY FUND SOURCE				
General Fund	5,085,300	5,906,800	4,910,300	6,500,300
Restricted Funds	493,900		493,900	776,300
TOTAL EXPENDITURES	5,579,200	5,906,800	5,404,200	7,276,600
EXPENDITURES BY UNIT				
Contract Spaces	3,133,800	3,461,400	3,133,800	3,516,200
Metroversity	60,600	60,600	58,800	58,800
Professional Education Preparation Program	438,600	438,600	416,700	416,700
Telecommunications Consortia	188,300	188,300	182,700	182,700
Minority Student College Prep Program	337,200	337,200	330,200	330,200
State Autism Training Center	229,300	229,300	217,800	217,800
Kentucky Rural Development Center	735,000	735,000	698,200	698,200
SREB Doctoral Scholars Program	256,400	256,400	256,400	256,400
P-16 Councils/Math Testing Program	200,000	200,000	100,000	100,000
M.L. King Scholarship at Kentucky State Univ.			9,600	9,600
Washington D.C. Internship Program				120,000
Biotechnology Program in Shrimp Production				1,100,000
Meadowbrook Dairy Research & Education Center				270,000
TOTAL EXPENDITURES	5,579,200	5,906,800	5,404,200	7,276,600

The Council on Postsecondary Education has been designated as the receiving agency for several programs. Funds are appropriated to the Council and subsequently "passed-through" to other agencies or entities. The Council monitors the implementation of the programs but is not responsible for actual day-to-day operations. For purposes of display, these programs have been grouped together under the heading of Pass Through Programs. A brief description of each program is provided below.

The **Contract Spaces Program** provides students with access to veterinary medicine and optometry programs through contracts administered by the Southern Regional Education Board (SREB) and Indiana University. In veterinary medicine, Kentucky contracts for 36 entering spaces at Auburn University (34) and Tuskegee Institute (2). In optometry,

Kentucky contracts for 14 entering spaces at the Southern College of Optometry (8), the University of Alabama (3), and Indiana University (3). Contract fees guarantee a fixed number of spaces in these academic programs for qualified Kentucky residents. Enrolled students are required to pay only the equivalent of the in-state tuition at the host institution. Students are supported for four years. To reserve these spaces and to help defray cost, the Commonwealth pays a contract fee per space to each participating institution. These contracts are the primary sources of enrollment opportunities for Kentucky students and for trained individuals to meet workforce needs in these professional areas.

Since the late 1970s, the Council has supported cooperative activities among and services to postsecondary education institutions in the Greater Louisville area through the interstate **Metroversity Consortium**. On behalf of the participating institutions, Metroversity operates the Educational Opportunity Center, a cross-registration program, student and faculty competitions and activities, and interlibrary courier service. The Consortia also maintains a cable TV channel for institutional use. State funds represent less than 10 percent of Metroversity's total budget.

The **Professional Education Preparation Program (PEPP)** was established in 1980 pursuant to KRS 164.028 through 164.0282. The program prepares students and prospective students from rural and inner-city areas medically underserved to gain admission to and graduate from medical or dental school. The students are encouraged to establish a medical practice in underserved areas of the state. All funds appropriated to the Council for the primary PEPP program are allocated to the University of Kentucky and the University of Louisville to conduct: pre-freshman workshops, undergraduate workshops; student assessment conferences, and MCAT/DAT test assistance with tutors, tutoring, and summer job placement. The PEPP Program includes the Pikeville College of Osteopathic Medicine, the University of Kentucky, and the University of Louisville.

The **Telecommunications Consortium (ETV)** was established in 1978 with funding provided through the budget of the Council. Programming and any needed staff services are provided by Kentucky Educational Television (KET) through a Memorandum of Agreement with the Council. The Consortium provides college credit course via KET's open broadcast television capability. Generally, 25 courses are broadcast each academic year. Both undergraduate and graduate courses are offered. Students may enroll by mail and view courses at home.

The **Governor's Minority Student College Preparation Program** was established in 1986 to: provide academic enrichment activities for middle and junior high school students; encourage them to stay in school and to enter college; make young African-American students aware of the benefits and value of college and make them more likely to consider college as an achievable option; and to prepare these students to be successful in college-level work. The program places emphasis on early intervention in an attempt to overcome problems at the high school level that tend to reduce the pool of minorities interested in attending and prepared to do well in college. Approximately 1,000 middle and high-school students will be enrolled in this program each year.

The **Kentucky State Autism Training Center** contracts with the University of Louisville to provide coordinated services for training individuals involved in delivering services to those diagnosed with autism or autistic related disorders.

The **Kentucky Rural Development Center** operates in Somerset, Kentucky. The Center provides technical assistance to business and governmental entities in networking and video conferencing.

The **Southern Regional Education Board (SREB) Doctoral Scholars Program** is part of a national effort to support and encourage minority students to pursue doctoral degrees. The program seeks to increase the number of minority faculty members employed as college faculty by increasing the pool of minority candidates. Students are provided scholarships and other financial support to attend institutions throughout the southern region and the Midwest.

Upon selection to the program, the scholar is expected to devote full-time attention to the completion of the academic requirements. The scholar is also expected to attend and participate in the annual Doctoral Scholars Program/Compact for Faculty Diversity Institute.

According to the SREB, as of July 2003, the program has served 507 individuals, with 250 currently matriculating scholars enrolled throughout the south. By July 2003 190 scholars had completed their Ph.D. and 12 had withdrawn. The retention rate for the program is 95 percent over the last six years of operation. Kentucky has 27 students currently enrolled with the state and is providing continuing funding for the four of the 15 graduates pursuing higher degrees. National data show that only 50 percent of all Ph.D. students complete the degree and only 37 percent of minorities finish. Of the 25 Kentucky scholars who enrolled over the ten-year period, one had withdrawn, two have transferred to programs in other states, and the rest are on schedule to complete. This is a retention rate of 96 percent. By August 2001, ten Kentucky scholars had completed all requirements for the Ph.D. Currently Kentucky enrolls 15 in the program.

Policy

An additional \$430,800 is provided in fiscal year 2005 and \$813,200 in fiscal year 2006 to the Contract Spaces program to

ensure that the existing veterinary and optometry professional school slots are maintained for Kentucky students at the participating out-of-state professional schools. In fiscal year 2005 the program required a 16 percent increase in funding, and an additional 12 percent increase in fiscal year 2006.

In fiscal year 2006 an additional \$45 million from the General Fund is provided for enhancement to the postsecondary education institutions' base budgets. These funds will be allocated to each institution using the Council's Funding Distribution Methodology.

The enacted budget includes \$5,000,000 from the General Fund in fiscal year 2006 to be allocated by the Council using full-time equivalent enrollment data from 1998 through 2005 among the postsecondary education institutions to rebalance the base funding in the context of significant and disproportionate student enrollment growth.

Notwithstanding KRS 164.7911, interest income in the amount of \$493,900 in fiscal year 2005 and \$776,300 in fiscal year 2006 is authorized to be used for the Contract Spaces, Governor's Minority Student College Preparation, SREB Doctoral Scholars, P-16 Council, and Early Math Testing programs to maintain these programs at current levels of funding.

The enacted budget provides \$9,600 each year of the biennium for a new Martin Luther King Scholarship Program at Kentucky State University.

In fiscal year 2006, \$120,000 from the General Fund is provided for a Washington, D.C. internship and academic seminars program.

Additional funding of \$1,100,000 is provided in fiscal year 2006 for a Biotechnology Marine Shrimp Production program. The Council and the Economic Development Cabinet's Department of Innovation and Commercialization shall review a plan to develop and market the shrimp industry in Kentucky through the collaborative efforts of the University of Kentucky, Kentucky State University, and Western Kentucky University. Associated with these funds is a capital project appropriation of \$1,700,000 associated with this initiative to construct a marine shrimp production facility.

In fiscal year 2006, \$270,000 from the General Fund is provided for a project design of a joint dairy merger involving the University of Kentucky and Eastern Kentucky University. The resulting dairy research and education center will be located at the Meadowbrook Farm near the Eastern Kentucky University campus.

**Postsecondary Education
Council on Postsecondary Education
Federal Programs**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Federal Funds				
Current Receipts	3,950,000	3,950,000	3,950,000	3,950,000
Total Federal Funds	3,950,000	3,950,000	3,950,000	3,950,000
TOTAL SOURCE OF FUNDS	3,950,000	3,950,000	3,950,000	3,950,000
EXPENDITURES BY CLASS				
Personnel Cost	564,700	548,000	559,900	533,600
Operating Expenses	147,600	145,500	147,600	145,500
Grants, Loans or Benefits	3,237,700	3,256,500	3,242,500	3,270,900
TOTAL EXPENDITURES	3,950,000	3,950,000	3,950,000	3,950,000
EXPENDITURES BY FUND SOURCE				
Federal Funds	3,950,000	3,950,000	3,950,000	3,950,000
TOTAL EXPENDITURES	3,950,000	3,950,000	3,950,000	3,950,000

The Council on Postsecondary Education administers three federal grant programs: the Improving Educator Quality State Grant program, the GEAR UP program, and the Fund for the Improvement of Postsecondary Education (FIPSE).

The Improving Educator Quality State Grant Program focuses on preparing, training, and recruiting high-quality teachers. The Council on Postsecondary Education provides competitive grants to partnerships comprised of schools of education and arts and sciences, along with one or more high-need local school districts.

GEAR UP is a federal initiative that encourages young people to stay in school, study hard and take the right courses to go to college. The program provides a range of services to low-income students by supporting new or expanded activities that strengthen schools. GEAR UP grants are awarded to states as well as partnerships comprising schools, postsecondary institutions and non-school partners. In Kentucky, there are seven GEAR UP partnerships. GEAR UP state grants stress early intervention and provide scholarships.

The Council received its first FIPSE grant in 2002 to develop a statewide advising outreach network for high school students and adult learners who want to go on to college and for students who wish to transfer from two-year to four-year institutions. The grant funds a coordinated advising network.

**Postsecondary Education
Council on Postsecondary Education
Kentucky Virtual University**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	3,862,600	3,862,600	3,485,100	3,485,100
Total General Fund	3,862,600	3,862,600	3,485,100	3,485,100
Restricted Funds				
Balance Forward	875,800		1,195,000	452,200
Current Receipts	925,000	925,000	925,000	925,000
Total Restricted Funds	1,800,800	925,000	2,120,000	1,377,200
TOTAL SOURCE OF FUNDS	5,663,400	4,787,600	5,605,100	4,862,300
EXPENDITURES BY CLASS				
Personnel Cost	945,700	998,000	784,600	785,800
Operating Expenses	4,302,700	3,374,600	3,953,300	3,209,300
Grants, Loans or Benefits	350,000	350,000	350,000	350,000
Capital Outlay	65,000	65,000	65,000	65,000
TOTAL EXPENDITURES	5,663,400	4,787,600	5,152,900	4,410,100
EXPENDITURES BY FUND SOURCE				
General Fund	3,862,600	3,862,600	3,485,100	3,485,100
Restricted Funds	1,800,800	925,000	1,667,800	925,000
TOTAL EXPENDITURES	5,663,400	4,787,600	5,152,900	4,410,100

The Kentucky Revised Statute (KRS) 164.800 provides that the council will coordinate the Kentucky Virtual University. A Distance Learning Advisory Committee was established by statute to provide institutional input into the development and policy aspects of the KYVU and KYVL. The mission of the KYVU is to be a student-centered, technology-based utility for the support of lifelong learning. The KYVU simplifies access to quality college credit, professional development, and supplemental studies. The KYVU provides a single access port to statewide learning support services, including the KYVL.

Consistent with the council's statewide strategic agenda, the goals of the KYVU are to:

- Enhance and expand educational access and increase educational attainment across Kentucky.
- Upgrade workforce skills and expand professional development through basic and continuing education.
- Increase collaboration and foster efficiency and effectiveness in delivering courses and program.
- Increase global competitiveness of Kentucky's educational resources.

The KYVU targets the following primary audiences, recognizing that the nature of electronic delivery systems is such that the potential pool of learners is essentially unlimited:

- Adult students;
- Place-bound and time-bound students;
- Employers and employees in business, industry, and government;
- P-12 students, teachers, and administrators;

- Traditional Residential Students; and
- Students living in other states and countries.

The KYVU is a value-added provider of learning services including: on-line registration for students, single undergraduate application and fee, single sign on (multiple passwords are needed), course management systems for the development and delivery of instructional programs, searchable course catalog, toll-free call center, 24X7 technical support, library resources, and e-commerce functionality for on-line payment of professional development courses for K-12 teachers.

The KYVL is an integral part of the KYVU. The mission of the KYVL is to provide all Kentuckians with equitable access to quality library and information resources to support the KYVU and meet the broader needs for learning, working, and living in the Commonwealth. The KYVL includes the nine public postsecondary education institutions, the 19 independent postsecondary education institutions, all K-12 school libraries, and the 111 public libraries in the Commonwealth. The KYVL has negotiated statewide licenses for searchable electronic databases, full-text journals, and other materials. It is estimated that the combined purchasing power of the KYVL saved the Commonwealth over \$5.0 million in acquisition costs. The KYVL also provides a statewide courier service for interlibrary loan activities. The KYVL provides training in the use of these resources and responds to usage questions through a toll-free number.

Both the KYVU and KYVL provide direct services to learners - including postsecondary education students, faculty and administrators, the Kentucky Department of Education, Department for Libraries and Archives, school districts, the Education Professions Standards (EPSB), all 120 adult education learning centers - both instructors and students, the Kentucky Virtual High School, local public libraries, and special libraries. Neither the KYVU nor the KYVL engage in direct law enforcement or regulatory activity.

**Postsecondary Education
Council on Postsecondary Education
Strategic Invest & Incentive Funding Program**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	100,821,300	220,304,600	108,631,300	122,122,400
Total General Fund	100,821,300	220,304,600	108,631,300	122,122,400
Tobacco Settlement-Phase I				
Tobacco Settlement - I	5,681,200	5,736,200	5,431,300	5,421,300
Total Tobacco Settlement-Phase I	5,681,200	5,736,200	5,431,300	5,421,300
Restricted Funds				
Balance Forward	3,500,000		2,905,700	41,900
Current Receipts			122,200	
Non-Revenue Receipts			-1,859,900	
Fund Transfers			-400,000	
Total Restricted Funds	3,500,000		768,000	41,900
Federal Funds				
Current Receipts	14,272,400	14,272,400	14,272,400	14,272,400
Total Federal Funds	14,272,400	14,272,400	14,272,400	14,272,400
TOTAL SOURCE OF FUNDS	124,274,900	240,313,200	129,103,000	141,858,000
EXPENDITURES BY CLASS				
Personnel Cost	8,682,200	8,737,200	8,432,300	8,422,300
Operating Expenses	2,144,000	2,144,000	2,079,500	2,079,500
Grants, Loans or Benefits	112,879,600	192,777,900	118,549,300	112,799,300
Debt Service	569,100	36,654,100		18,515,000
TOTAL EXPENDITURES	124,274,900	240,313,200	129,061,100	141,816,100
EXPENDITURES BY FUND SOURCE				
General Fund	100,821,300	220,304,600	108,631,300	122,122,400
Tobacco Settlement-Phase I	5,681,200	5,736,200	5,431,300	5,421,300
Restricted Funds	3,500,000		726,100	
Federal Funds	14,272,400	14,272,400	14,272,400	14,272,400
TOTAL EXPENDITURES	124,274,900	240,313,200	129,061,100	141,816,100
EXPENDITURES BY UNIT				
Research Challenge Trust Fund	5,681,200	61,736,200	5,431,300	5,421,300
Regional University Excellence Trust Fund		16,000,000		
Technology Initiative Trust Fund	2,115,000	3,515,000	2,050,500	2,050,500
Physical Facilities Trust Fund	569,100	36,654,100		18,515,000
Postsecondary Workforce Development Trust Fund		1,000,000		
Student Financial Aid and Advancement Trust Fund	66,600,000	65,385,000	75,375,000	69,525,000
Adult Education and Literacy Funding Program	38,324,700	34,824,700	33,698,400	36,298,400
Science and Technology Funding Program	10,771,600	10,771,600	12,505,900	10,005,900
Enrollment Growth & Productivity Funding Program		10,000,000		
Special Initiatives Funding Program	213,300	426,600		
TOTAL EXPENDITURES	124,274,900	240,313,200	129,061,100	141,816,100

The **Strategic Investment and Incentive Funding Program** was created in the Kentucky Postsecondary Education Improvement Act of 1997, codified as KRS 164.7911. This program consists of appropriations for six Strategic Investment and Incentive Trust Funds (a Research Challenge Trust Fund; a Regional University Excellence Trust Fund; a Technology Initiative Trust Fund; a Physical Facilities Trust Fund; a Postsecondary Workforce Development Trust Fund; and a Student Financial Aid and Advancement Trust Fund) and appropriations for two Strategic Investment and Incentive Funding Programs (the Adult Education and Literacy Funding Program; the Science and Technology Funding Program. These appropriations are made to the Council, which is responsible for establishing criteria and distributing these funds to postsecondary institutions in a manner that will allow the Commonwealth to reach the six goals established in KRS 164.003(2).

	<u>FY 2005</u>	<u>FY 2006</u>
Research Challenge Trust Fund		
Lung Cancer Research - Phase I Tobacco Settlement Funding	5,431,300	5,421,300
Physical Facilities Trust Fund		
Debt Service		18,515,000
Technology Initiative Trust Fund	2,050,500	2,050,500
Student Financial Aid and Advancement Trust Fund - KEES Merit Scholarships	75,375,000	69,525,000
Adult Education and Literacy Funding Program	33,698,400	36,298,400
Science and Technology Funding Program	12,505,900	10,005,900
TOTAL FUNDING PROGRAM APPROPRIATIONS	<u>129,061,100</u>	<u>141,816,100</u>

Research Challenge Trust Fund

This Trust Fund includes funding from the Phase I Tobacco Settlement devoted to the Lung Cancer Research Trust Fund established by KRS 164.476.

Physical Facilities Trust Fund

Debt service in the amount of \$18,515,000 is provided in fiscal year 2006 for 26 bond funded capital projects (\$397,041,000) at the various public postsecondary institutions.

Technology Initiatives Trust Fund

Funding in the amount of \$2,050,000 in each year of the biennium is provided for the following subsidiary programs of the Technology Initiatives Trust Fund:

1. Network Infrastructure for the communications network infrastructure used by the Kentucky Commonwealth Virtual University, the Kentucky Commonwealth Virtual Library, and the institutions. This network infrastructure provides bandwidth for all postsecondary education institutions for data transmission, telecommunications and Internet access, and provides connectivity to every public university and community or technical college in the Kentucky postsecondary education system. The Governor's Office for Technology coordinates and manages the network infrastructure, while the Council on Postsecondary Education serves as the fiscal agent for the network. The funding appropriated for this purpose pays for line charges and management of the network.
2. Faculty Development in collaboration with one or more institutions, to sponsor statewide initiatives. These initiatives serve an agenda setting function, drawing attention to important dimensions of faculty development linked to system goals.

Student Financial Aid and Advancement Trust Fund

Funding from net lottery revenues in the amount of \$75,375,000 in fiscal year 2005 and \$69,525,000 in fiscal year 2006 is provided to fund the Kentucky Excellence in Education Scholarship (KEES) Program based on the forecasted needs of the program. These funds are transferred to the Kentucky Higher Education Assistance Authority (KHEAA) and disbursed to scholarship recipients. The Appropriations Act, House Bill 267, in Part III, section 22, provides KHEAA with the ability to access unclaimed lottery prize money from a reserve account after fully using the net lottery revenues transferred from CPE. The budget estimates that \$5,158,200 will be needed in fiscal year 2005, and \$13,087,900 in fiscal year 2006.

Adult Education and Literacy Funding Program

A total of \$19,026,000 in fiscal year 2005 and \$22,026,000 in fiscal year 2006 from the General Fund are provided for Adult Education and Literacy Funding Program. This includes an additional \$500,000 in funds for family literacy programs associated with the Governor's Read-to-Achieve initiative, and an additional \$2,500,000 to increase the base funding of the adult education and literacy programs. Over \$14 million per year in federal funds combine with the state General Funds to finance adult education and literacy programs.

Notwithstanding the provisions of KRS 45.229, any unexpended balance of funds appropriated for the Adult Education and Literacy Funding Program shall not lapse and shall be carried forward into the next fiscal year.

The Adult Education Reform Act of 2000 stated, "Adult illiteracy is a fundamental barrier to every major challenge facing Kentucky, including early childhood education, education reform, economic development and improving the health and well being of Kentucky's families and communities."

One in four Kentuckians age 25 or older do not have a high school diploma or GED, compared to 19.6 percent nationally. Of 2.4 million working-age Kentuckians, 40 percent (nearly one million) function at the two lowest levels of literacy.

The Adult Education Reform Act provided the foundation for improving the educational status of adult Kentuckians who do not have a high school diploma, who function at low levels of literacy or who want to learn the English language. Kentucky Adult Education increased enrollment in adult education and literacy programs 115 percent from 51,177 in 1999-2000 to a record high enrollment of 109,880 in 2002-03. This enrollment exceeded the fiscal year 2003 goal of 90,000 and even the fiscal year 2004 goal of 100,000. Of the fiscal year 2003 enrollment, 43,050 adults participated in workplace programs, and 5,459 were enrolled in English as a Second Language.

The Act also created a partnership between the Council on Postsecondary Education and the Department for Adult Education and Literacy. The partnership was strengthened in July 2003 by the organizational transition of the newly renamed "Kentucky Adult Education" from the Cabinet for Workforce Development to the Council on Postsecondary Education. This reorganization positions Kentucky Adult Education at the forefront of education in the Commonwealth and facilitates the program's momentum toward the next level of achievement by creating new avenues for reaching adult learners and helping them transition to postsecondary education and employment.

Base funding is distributed to local organizations through grants for adult basic education and literacy services, the cornerstone of Kentucky Adult Education. The Kentucky Adult Education Reform Act requires services to be targeted to communities with the greatest need, so funds are allocated using a formula based on the number of adults in each county functioning at low literacy levels.

Through this funding, every Kentucky county is served by a comprehensive adult education provider that offers all levels of adult education instruction, family literacy and employability and life skills instruction. Many providers also offer English as a Second Language classes and workplace education. Every provider operates one or more sites throughout the county to meet the unique learning needs of its target population. Kentucky Adult Education contracts with local boards of education, community and technical colleges, community-based organizations, education consortia, public and private non-profit organizations and correctional institutions to provide adult education and literacy services in a variety of settings and locations.

Science and Technology Funding Program

The funding for the Science and Technology Funding Program supports the programs established by the Kentucky Innovation Act, enacted by the 2000 General Assembly, and amended in subsequent sessions, and codified as KRS 164.6011 through 164.6043. Funding is provided each year of the biennium for the suite of Science and Technology programs which include: **the Research and Development Voucher** program that provides vouchers to small and medium-size Kentucky-based companies that undertake research and development work in partnership with universities in the Commonwealth, the **Commercialization Fund** that provides development funds for promising technologies developed through the research and development work undertaken at the universities in the Commonwealth, the **Rural Innovation** program which received an additional \$1,000,000 from the General Fund in fiscal year 2006, the **Experimental Program to Stimulate Competitive Research (EPSCoR)** program, a highly collaborative and successful federal research and development program initiated by the National Science Foundation in 1978 that leverages state matching funds to bring additional federal research dollars to Kentucky. EPSCoR has been responsible for bringing over \$36 million in federal research dollars to Kentucky since 1985. The return on the state's investment in this program equals \$2.50 of federal funding for every dollar of state funds invested in EPSCoR. The Science and Technology Funding Program also provides funding for the **Science and Engineering Foundation**. The Science and Engineering Foundation, expanding on the existing EPSCoR program and funding, is modeled in part after the National Science Foundation and makes investments in peer-reviewed science and engineering research, to accelerate the rate of research and development funds and work to increase the amount of federal and private sector funds for this work in Kentucky. The Science and Technology Funding Program provides \$1,000,000 in funding each year is provided

for the **Knowledge-Based Economy Academic Programs** in engineering and information technology. The Council on Postsecondary Education directed the public universities and colleges to work together to design a statewide strategy to educate more engineers, to integrate engineering education more closely into the technology-driven New Economy, and to recruit more women and minorities into engineering. Students at Western Kentucky University, Murray State University, the University of Louisville, and the University of Kentucky are enrolled in joint engineering classes.

**Postsecondary Education
Kentucky Higher Education Assistance Authority**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	149,605,900	173,162,700	85,055,400	86,233,500
Continuing Appropriation			1,865,500	
Total General Fund	149,605,900	173,162,700	86,920,900	86,233,500
Tobacco Settlement-Phase I				
Tobacco Settlement - I	1,000,000	1,000,000	900,000	900,000
Continuing Appropriation			63,600	
Total Tobacco Settlement-Phase I	1,000,000	1,000,000	963,600	900,000
Restricted Funds				
Balance Forward	172,900	18,400	4,172,800	635,200
Current Receipts	22,725,700	22,654,600	21,973,600	24,338,400
Non-Revenue Receipts	80,895,700	86,251,500	79,168,500	83,238,500
Total Restricted Funds	103,794,300	108,924,500	105,314,900	108,212,100
Federal Funds				
Current Receipts	1,714,900	1,726,000	1,714,900	1,726,000
Total Federal Funds	1,714,900	1,726,000	1,714,900	1,726,000
TOTAL SOURCE OF FUNDS	256,115,100	284,813,200	194,914,300	197,071,600
EXPENDITURES BY CLASS				
Personnel Cost	12,683,900	13,645,600	9,793,400	10,981,300
Operating Expenses	5,062,100	5,192,600	4,295,100	4,427,500
Grants, Loans or Benefits	237,091,100	264,977,000	178,931,000	180,048,000
Debt Service	748,600	746,600	748,600	746,600
Capital Outlay	371,000	251,400	371,000	251,400
Construction	140,000		140,000	
TOTAL EXPENDITURES	256,096,700	284,813,200	194,279,100	196,454,800
EXPENDITURES BY FUND SOURCE				
General Fund	149,605,900	173,162,700	86,920,900	86,233,500
Tobacco Settlement-Phase I	1,000,000	1,000,000	963,600	900,000
Restricted Funds	103,775,900	108,924,500	104,679,700	107,595,300
Federal Funds	1,714,900	1,726,000	1,714,900	1,726,000
TOTAL EXPENDITURES	256,096,700	284,813,200	194,279,100	196,454,800
EXPENDITURES BY UNIT				
General Administration and Support	17,408,000	18,230,200	14,555,400	15,515,400
College Access Program	111,583,900	130,158,300	49,731,100	56,851,400
Work Study Program	1,000,000	1,000,000	900,000	900,000
Kentucky Tuition Grant	39,687,600	44,621,900	25,429,000	30,270,000
Teacher Scholarships	2,290,700	2,290,700	2,290,700	2,290,700
Ky National Guard Tuition	10,000	10,000	3,614,100	4,358,100
Osteopathic Medicine Scholarship	1,255,300	1,318,500	1,255,300	1,318,500
Ky Educational Excellence Scholarships	79,749,700	84,031,200	80,533,200	82,612,900
Early Childhood Development Scholarships	1,007,000	1,028,400	970,600	928,400
Kentucky's Affordable Prepaid Tuition (KAPT)	1,547,600	1,556,000	14,442,800	841,400
Robert C Byrd Honors Scholarship	556,900	568,000	556,900	568,000
TOTAL EXPENDITURES	256,096,700	284,813,200	194,279,100	196,454,800

The Kentucky Higher Education Assistance Authority's (KHEAA) mission is to improve the higher education opportunities of persons who are attending or planning to attend eligible institutions. The Kentucky Higher Education Assistance Authority provides student financial aid, allowing each student to choose institutions appropriate to each person's education and career objectives as provided under KRS 164.740 - 164.785.

The KHEAA administers state grants, work study, scholarships, and college savings programs for postsecondary students. The agency is the designated guarantor of insured student loans and disseminates postsecondary school and financial aid information. The agency provides administrative services at no cost to the Kentucky Department of Education for its Occupational/Physical Therapy Incentive program and to the Kentucky National Guard for its Tuition Assistance Program.

The Kentucky Higher Education Assistance Authority (KHEAA) administers the following student aid programs:

The College Access Program (CAP) awards grants to Kentucky's financially needy undergraduate students enrolled in a public or private non-profit college, public technical college, or proprietary school.

The Kentucky Tuition Grant (KTG) program provides need-based grants to qualified Kentucky students who choose to attend one of the Commonwealth's 24 participating independent colleges and is designed to assist full-time students with tuition charges at these schools.

The Teacher Scholarship program is designed to assist financially needy Kentucky students with the costs incurred while seeking initial teacher certification. Recipients must agree to render qualified teaching service in the Commonwealth.

The Work-Study program allows students to work and earn funds to apply toward college expenses while gaining valuable career related work experience.

The Kentucky National Guard Tuition Award program provides tuition assistance to active members of the Kentucky National Guard to attend Kentucky's state-supported postsecondary educational institutions. The Department of Military Affairs selects the recipients and KHEAA forwards funds to the schools to be disbursed to the students.

The Osteopathic Medicine Scholarship program provides tuition equalization awards to eligible students who choose to attend a Kentucky school of osteopathic medicine rather than a state medical school. Recipients must agree to provide medical services in Kentucky one year for each year they receive a scholarship.

The Early Childhood Development Scholarship program provides tuition assistance to Kentucky residents pursuing a credential, certificate, or degree in early childhood education. It was established to upgrade the professional development of child-care workers and trainers who do not have access to state or federal professional development funds.

The Kentucky Educational Excellence Scholarship (KEES) program provides merit-based scholarships to eligible high school students based on their yearly grade point average and supplemental awards based on their highest ACT (or equivalent SAT) score attained by their high school graduation date. The scholarships can be used to pay the expenses of each year of college or technical training.

Effective July 1, 2004, the Robert C. Byrd Honors Scholarship program was transferred from the Kentucky Department of Education to the Kentucky Higher Education Assistance Authority. This is a federally-funded merit-based program that awards scholarships to qualified high school seniors and GED recipients who demonstrate outstanding academic achievement.

Policy

Included in the General Fund for the College Access Program (CAP) is \$45,442,900 in fiscal year 2005 and an additional \$9,320,500 in fiscal year 2006 for a total of \$54,763,400, notwithstanding the provisions of KRS 154A.130(4). Included in the restricted funds for CAP is \$2,893,400 for fiscal year 2005 and \$930,000 for fiscal year 2006. Included in the federal funds for CAP is \$1,158,000 for fiscal years 2004-06.

Included in the General Fund for the Kentucky Tuition Grant (KTG) program is \$22,975,500 in fiscal year 2005 and an additional \$5,494,500 in fiscal year 2006 for a total of \$28,470,000, notwithstanding the provisions of KRS 154A.130(4). Included in the restricted funds for KTG is an additional \$880,800 in fiscal year 2005 and \$1,800,000 in fiscal year 2006.

Included in the General Fund for the Teacher Scholarship Program is \$1,681,600 in fiscal years 2004-06, notwithstanding the provisions of KRS 154A.130(4). Included in the restricted funds for the Teacher Scholarship Program is \$609,100 in fiscal years 2004-06.

Included in the restricted funds for the Kentucky National Guard Tuition Award Program is \$3,558,100 in fiscal year 2005 and \$4,358,100 fiscal year 2006.

Included in the General Fund for the Osteopathic Medicine Scholarships are \$1,255,300 in fiscal year 2005 and an additional \$63,200 in fiscal year 2006 totaling \$1,318,500.

Included in the restricted funds appropriation for Kentucky Educational Excellence Scholarships (KEES) is \$80,533,200 for fiscal year 2005 and an additional \$2,079,700 in fiscal year 2006 totaling \$82,612,900.

The enacted Budget of the Commonwealth for fiscal years 2004-06, provides for all unclaimed lottery prize money under KRS 154A.130 to be credited to the Kentucky Educational Excellence Scholarship (KEES) Program Reserve Account to be used solely for the purposes of KRS 164.7871 to 164.7885. Moneys in this account shall not lapse and shall be carried forward into the next fiscal year.

Included in the General Fund appropriation is \$900,000 from Tobacco Settlement Funds in each year of the biennium for Early Childhood Development Scholarships.

Restricted Funds in the amount of \$140,000 in fiscal year 2005 are appropriated in the Capital Budget for the purchase of inserter equipment.

The enacted Budget of the Commonwealth includes a \$13,700,100 fund transfer to the General Fund from the Kentucky Higher Education Assistance Authority in fiscal year 2005. Fund transfers to the General Fund from the Kentucky Higher Education Student Loan Corporation are budgeted in fiscal year 2005 in the amount of \$7,800,000 and \$59,000,000 in fiscal year 2006.

Postsecondary Education
Postsecondary Education Institutions

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	1,043,027,300	1,094,995,900	962,344,600	986,203,600
Other				50,000,000
Total General Fund	1,043,027,300	1,094,995,900	962,344,600	1,036,203,600
Restricted Funds				
Current Receipts	1,971,263,900	2,092,249,200	1,970,160,800	2,091,249,200
Fund Transfers			-9,868,900	-3,500,000
Total Restricted Funds	1,971,263,900	2,092,249,200	1,960,291,900	2,087,749,200
Federal Funds				
Current Receipts	521,011,500	554,797,700	521,011,500	554,797,700
Total Federal Funds	521,011,500	554,797,700	521,011,500	554,797,700
TOTAL SOURCE OF FUNDS	3,535,302,700	3,742,042,800	3,443,648,000	3,678,750,500
EXPENDITURES BY CLASS				
Personnel Cost	1,982,623,000	2,110,499,700	1,920,312,900	2,100,928,900
Operating Expenses	967,810,200	1,021,055,300	950,813,300	981,305,000
Grants, Loans or Benefits	391,178,100	413,642,400	389,565,400	411,169,700
Debt Service	86,107,300	84,621,300	78,560,800	78,294,700
Capital Outlay	107,584,100	112,224,100	104,395,600	107,052,200
TOTAL EXPENDITURES	3,535,302,700	3,742,042,800	3,443,648,000	3,678,750,500
EXPENDITURES BY FUND SOURCE				
General Fund	1,043,027,300	1,094,995,900	962,344,600	1,036,203,600
Restricted Funds	1,971,263,900	2,092,249,200	1,960,291,900	2,087,749,200
Federal Funds	521,011,500	554,797,700	521,011,500	554,797,700
TOTAL EXPENDITURES	3,535,302,700	3,742,042,800	3,443,648,000	3,678,750,500
EXPENDITURES BY UNIT				
Eastern Kentucky University	222,476,500	239,285,800	216,897,100	234,258,200
Kentucky State University	52,136,800	51,026,200	52,236,400	52,683,800
Morehead State University	141,032,400	143,885,000	137,432,500	140,099,200
Murray State University	128,672,900	135,435,600	124,784,900	132,498,200
Northern Kentucky University	155,893,400	168,332,600	149,676,200	163,465,200
University of Kentucky	1,449,658,500	1,502,990,300	1,391,929,200	1,457,149,700
University of Louisville	624,136,700	673,871,400	610,798,800	661,514,800
Western Kentucky University	242,281,500	264,942,600	232,226,400	255,118,800
Kentucky Community and Technical College System	519,014,000	562,273,300	527,666,500	581,962,600
TOTAL EXPENDITURES	3,535,302,700	3,742,042,800	3,443,648,000	3,678,750,500

**Postsecondary Education
Postsecondary Education Institutions
Eastern Kentucky University**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	77,804,600	82,498,400	72,225,200	73,922,200
Other				3,548,600
Total General Fund	77,804,600	82,498,400	72,225,200	77,470,800
Restricted Funds				
Current Receipts	99,016,500	108,857,500	99,016,500	108,857,500
Total Restricted Funds	99,016,500	108,857,500	99,016,500	108,857,500
Federal Funds				
Current Receipts	45,655,400	47,929,900	45,655,400	47,929,900
Total Federal Funds	45,655,400	47,929,900	45,655,400	47,929,900
TOTAL SOURCE OF FUNDS	222,476,500	239,285,800	216,897,100	234,258,200
EXPENDITURES BY CLASS				
Personnel Cost	118,369,200	124,411,200	116,041,500	124,805,300
Operating Expenses	63,341,700	70,846,300	60,744,000	66,686,600
Grants, Loans or Benefits	33,923,000	35,540,900	33,923,000	35,540,900
Debt Service	4,766,400	5,303,200	4,766,400	5,303,200
Capital Outlay	2,076,200	3,184,200	1,422,200	1,922,200
TOTAL EXPENDITURES	222,476,500	239,285,800	216,897,100	234,258,200
EXPENDITURES BY FUND SOURCE				
General Fund	77,804,600	82,498,400	72,225,200	77,470,800
Restricted Funds	99,016,500	108,857,500	99,016,500	108,857,500
Federal Funds	45,655,400	47,929,900	45,655,400	47,929,900
TOTAL EXPENDITURES	222,476,500	239,285,800	216,897,100	234,258,200
EXPENDITURES BY UNIT				
Instruction	64,168,700	68,111,200	61,847,800	63,722,100
Research	137,100	142,400	312,800	129,800
Public Service	44,945,800	50,209,700	44,951,400	50,075,000
Libraries	4,110,900	4,216,500	4,017,900	4,058,000
Academic Support	10,320,600	10,699,800	10,012,700	10,144,800
Student Services	10,682,100	11,084,700	10,236,300	10,369,000
Institutional Support	25,811,300	27,082,600	24,675,000	25,149,700
Operation and Maintenance of Plant	13,941,900	16,439,900	12,485,100	14,728,300
Scholarships and Fellowships	34,756,800	36,390,900	34,756,800	36,390,900
Mandatory Transfers	3,128,700	3,665,500	3,128,700	3,665,500
Auxilliary Enterprises	10,472,600	11,242,600	10,472,600	11,242,600
Restore Portion of Past Budget Cuts				1,033,900
Past Enrollment Growth Funding				100,000
Base Funding Increase				3,448,600
TOTAL EXPENDITURES	222,476,500	239,285,800	216,897,100	234,258,200

Eastern Kentucky University, located in Richmond, Madison County, Kentucky, was established by the General Assembly in 1906 when there was authorized the establishment of two schools in the state for the training of teachers. Originally designated the Eastern Kentucky State Normal School, the 1922 General Assembly changed the name to the Eastern Kentucky State Normal School and Teachers College, and passed an enabling act permitting the University to confer academic degrees. In 1930, the name was changed to Eastern Kentucky State Teachers College, and in 1948 to Eastern Kentucky State College. Effective July 1, 1966, pursuant to enabling legislation enacted in the 1966 General Assembly, the name was changed to Eastern Kentucky University. The governing body of the University is the Board of Regents of Eastern Kentucky University, consisting of eight members appointed by the Governor of Kentucky, one faculty member elected by the Faculty, one student member elected by students and one staff member elected by the staff. The Board has general supervision of lands, buildings, and other properties of the University and, subject to the statutes of the Commonwealth of Kentucky, control of all expenses therefore.

Eastern Kentucky University is organized into five Colleges: College of Arts and Sciences, College of Business and Technology, College of Education, College of Health Sciences, College of Justice and Safety, and Office of Graduate Studies. The University offers a variety of undergraduate programs leading to the Associate of Arts and Bachelor's Degrees and several pre-professional programs. It offers Master of Arts and Master of Science degrees in a number of fields: Music, Music Education, Public Administration, Business Administration; Specialist Degrees in Technology and in Education, Fifth and Sixth Year Certification Program for Teachers and School Personnel; and a joint doctoral program with the University of Kentucky. The academic year of the University is divided into two semesters of approximately eighteen weeks each and a summer session of twelve weeks.

Eastern Kentucky University is accredited by the commission of Colleges of the Southern Association of Colleges and Schools to award associate, baccalaureate, master, and specialist degrees, and by the following organizations: Accreditation Council for Occupational Therapy Education, American Council for Construction Education, American Speech-Language-Hearing Association, Commission on Accreditation of Allied Health Education Programs, Computer Science Accreditation, Commission of Computer Science Education Board, Council on Social Work Education, International Council for Exceptional Children, International Society of Fire Services Instructors Emergency Management Accreditation and Certification System, National Accrediting Agency for Clinical Laboratory Sciences, National Association for the Education of Young Children, National Association of Industrial Technology, National Association of Schools of Music, National Association of Schools of Public Affairs and Administration, National Athletic Trainers Association, National Council for Accreditation of Teachers Nursing Accrediting Commission, and Natural Recreation and Park Association/American Association for Leisure and Recreation Joint Council on Accreditation.

Policy

An additional \$1,178,000 from the General Fund is provided in fiscal year 2005 for targeted programs.

The additional funding described in the following represent increases in base funding for Eastern Kentucky University:

An additional \$1,033,900 from the General Fund is provided in fiscal year 2006 representing one-half of the recurring budget reductions from fiscal year 2004. An additional \$100,000 from the General Fund is provided in fiscal year 2006 representing Eastern Kentucky University's allocation from the \$5,000,000 appropriated to the Council on Postsecondary Education to rebalance the base funding in the context of significant and disproportionate student enrollment growth. An additional \$3,448,600 from the General Fund is provided in fiscal year 2006 representing Eastern Kentucky University's allocation from the \$45,000,000 appropriated to the Council on Postsecondary Education to enhance the institutions' base budgets. These funds were allocated using the Council's Funding Distribution Methodology.

Additional General Funds in the amount of \$1,304,300 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of three new facilities.

**Postsecondary Education
Postsecondary Education Institutions
Kentucky State University**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	24,701,300	23,590,700	24,800,900	24,568,500
Other				679,800
Total General Fund	24,701,300	23,590,700	24,800,900	25,248,300
Restricted Funds				
Current Receipts	14,176,500	14,176,500	14,176,500	14,176,500
Total Restricted Funds	14,176,500	14,176,500	14,176,500	14,176,500
Federal Funds				
Current Receipts	13,259,000	13,259,000	13,259,000	13,259,000
Total Federal Funds	13,259,000	13,259,000	13,259,000	13,259,000
TOTAL SOURCE OF FUNDS	52,136,800	51,026,200	52,236,400	52,683,800
EXPENDITURES BY CLASS				
Personnel Cost	33,287,700	33,632,100	33,807,700	34,566,600
Operating Expenses	14,781,100	15,106,700	14,734,500	15,203,500
Debt Service	2,029,100	229,100	1,664,900	873,500
Capital Outlay	2,038,900	2,058,300	2,029,300	2,040,200
TOTAL EXPENDITURES	52,136,800	51,026,200	52,236,400	52,683,800
EXPENDITURES BY FUND SOURCE				
General Fund	24,701,300	23,590,700	24,800,900	25,248,300
Restricted Funds	14,176,500	14,176,500	14,176,500	14,176,500
Federal Funds	13,259,000	13,259,000	13,259,000	13,259,000
TOTAL EXPENDITURES	52,136,800	51,026,200	52,236,400	52,683,800
EXPENDITURES BY UNIT				
Instruction	19,143,500	19,154,300	19,014,600	18,894,100
Research	5,545,600	5,785,000	6,066,200	6,275,600
Public Service	3,910,300	4,154,300	4,427,100	4,637,200
Academic Support	1,097,900	1,098,500	1,233,500	1,083,600
Student Services	6,569,700	6,592,300	6,529,800	6,465,300
Institutional Support	4,224,300	4,266,400	3,912,100	3,885,300
Operation and Maintenance of Plant	2,372,000	2,410,200	2,184,100	2,239,400
Scholarships and Fellowships	3,880,900	3,883,200	3,854,800	3,830,400
Mandatory Transfers	1,687,400		1,309,000	838,600
Auxilliary Enterprises	3,705,200	3,682,000	3,705,200	3,682,000
Restore Portion of Past Budget Cuts				172,500
Past Enrollment Growth Funding				100,000
Base Funding Increase				579,800
TOTAL EXPENDITURES	52,136,800	51,026,200	52,236,400	52,683,800

Kentucky State College was established in 1886 by an Act of the Kentucky General Assembly. In its early years, the institution's purpose was to train Negro teachers for the Negro public schools in the Commonwealth. With the passage of the 1890 Morrill Act by the U.S. Congress, the college became a land-grant institution. A tripartite mission was instituted: teaching, research, and public service. The 1972 General Assembly elevated the college to university status, effective July 1, 1973. Since that time, the General Assembly has amended Kentucky Revised Statute 164.290 to further read . . . "It is the intent of the General Assembly that Kentucky State University shall serve as a four-year residential institution emphasizing a program of liberal studies appropriate to its size and resources." The University is authorized to provide both undergraduate and graduate programs of instruction and is accredited by regional and national accreditation agencies.

Student enrollment has stabilized at approximately 2,300. The student body is racially integrated, serving both white and black residential students and a significant number of commuting students representing the ethnic and geographic diversity of the Commonwealth.

Kentucky State University is the Commonwealth's designated, small public liberal studies university providing a common liberal studies core curriculum for all students and baccalaureate programs in the traditional arts and sciences. Kentucky State University offers a variety of baccalaureate and associate degrees in career and vocational-oriented courses of instruction such as business, computer sciences, medical technology, office administration, and nursing. Pre-professional programs in law, dentistry, medicine, veterinary medicine, optometry, allied health, and engineering are also offered. The university's liberal studies focus is further enhanced by the Whitney M. Young, Jr. College of Leadership Studies, an honors college established in 1983 which offers a baccalaureate degree earned through an innovative program of seminars and tutorials based on the Great Books Program of St. John's College (Annapolis, Maryland). Kentucky State University's Community Programs serve non-traditional learners within the framework of the general mission of the university.

Since 1973, Kentucky State University has offered a master's degree in Public Affairs (M.P.A). This multidisciplinary curriculum trains prospective and current state government employees for challenging careers in Frankfort and elsewhere in the Commonwealth. The M.P.A. also provides internship training for its students.

At Kentucky State University, both faculty and staff are engaged in the shared work of advancing the purposes of quality education at the undergraduate and graduate levels. At the same time, the university continues its traditional land-grant research and public service functions, providing a range of community services for citizens throughout the Commonwealth. A particular objective of the university is to address the needs of state government employees in Frankfort and citizens in adjacent counties.

Policy

General Funds in the amount of \$2,815,400 in fiscal year 2005 and \$3,297,400 in fiscal year 2006 are provided to Kentucky State University so that the University is able to sufficiently match federal cooperative agricultural research and extension service funds. The 2002 federal Agricultural Research, Extension and Education Reform Act increased the required state match for the federal funds provided to 1890 land-grant colleges and universities to 80 percent in fiscal year 2005 and 90 percent in fiscal year 2006.

An additional \$286,000 from the General Fund is provided in fiscal year 2005 for targeted programs.

The additional funding described in the following represent increases in base funding for Kentucky State University:

An additional \$172,500 from the General Fund is provided in fiscal year 2005 to restore one-half of the recurring budget reductions from fiscal year 2004. An additional \$100,000 from the General Fund is provided in fiscal year 2006 representing Kentucky State University's allocation from the \$5,000,000 appropriated to the Council on Postsecondary Education to rebalance the base funding in the context of significant and disproportionate student enrollment growth. An additional \$579,800 from the General Fund is provided in fiscal year 2006 representing Kentucky State University's allocation from the \$45,000,000 appropriated to the Council on Postsecondary Education to enhance the institutions' base budgets. These funds were allocated using the Council's Funding Distribution Methodology.

Additional General Funds in the amount of \$190,500 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of one new facility and one expanded facility.

**Postsecondary Education
Postsecondary Education Institutions
Morehead State University**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	45,882,200	48,625,300	42,282,300	42,376,100
Other				2,463,400
Total General Fund	45,882,200	48,625,300	42,282,300	44,839,500
Restricted Funds				
Current Receipts	58,397,300	58,585,200	58,397,300	58,585,200
Total Restricted Funds	58,397,300	58,585,200	58,397,300	58,585,200
Federal Funds				
Current Receipts	36,752,900	36,674,500	36,752,900	36,674,500
Total Federal Funds	36,752,900	36,674,500	36,752,900	36,674,500
TOTAL SOURCE OF FUNDS	141,032,400	143,885,000	137,432,500	140,099,200
EXPENDITURES BY CLASS				
Personnel Cost	68,215,900	71,040,900	64,385,500	67,412,900
Operating Expenses	21,911,400	21,745,900	22,257,600	21,616,300
Grants, Loans or Benefits	38,658,700	38,966,600	38,658,700	38,966,600
Debt Service	5,370,800	5,281,500	5,255,100	5,253,300
Capital Outlay	6,875,600	6,850,100	6,875,600	6,850,100
TOTAL EXPENDITURES	141,032,400	143,885,000	137,432,500	140,099,200
EXPENDITURES BY FUND SOURCE				
General Fund	45,882,200	48,625,300	42,282,300	44,839,500
Restricted Funds	58,397,300	58,585,200	58,397,300	58,585,200
Federal Funds	36,752,900	36,674,500	36,752,900	36,674,500
TOTAL EXPENDITURES	141,032,400	143,885,000	137,432,500	140,099,200
EXPENDITURES BY UNIT				
Instruction	37,712,900	39,193,600	36,028,800	36,416,400
Research	849,900	669,100	846,000	665,200
Public Service	4,345,900	4,380,900	4,801,000	4,252,200
Libraries	3,001,400	3,083,100	2,883,700	2,880,500
Academic Support	7,845,500	8,100,200	7,514,100	7,514,100
Student Services	7,359,400	7,585,800	6,954,100	6,954,100
Institutional Support	11,631,100	11,999,100	10,992,300	10,992,300
Operation and Maintenance of Plant	7,527,000	7,755,400	7,179,100	7,223,100
Scholarships and Fellowships	38,658,700	38,966,600	38,586,800	38,894,700
Mandatory Transfers	3,261,000	3,071,700	3,231,600	3,043,500
Non-Mandatory Transfers	5,637,500	5,796,400	5,637,500	5,796,400
Auxilliary Enterprises	13,202,100	13,283,100	12,777,500	12,433,900
Restore Portion of Past Budget Cuts				569,400
Past Enrollment Growth Funding				264,300
Base Funding Increase				2,199,100
TOTAL EXPENDITURES	141,032,400	143,885,000	137,432,500	140,099,200

The University, located in Morehead, Kentucky, was established in 1922 by the Kentucky General Assembly. The University's current name was adopted in 1966 pursuant to an act of the General Assembly. The governing body of the University, the Board of Regents, is a body corporate and an educational institution and agency of the Commonwealth, consisting of eight citizen members appointed by the Governor of Kentucky. A student, faculty and staff representative also serve on the Board and are elected by their respective peers. The government of the University is vested in the Board and the Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

The University was established primarily for the purpose of training teachers, administrators and supervisors for the elementary and secondary schools of the state, but has over the years expanded its facilities and curriculum to serve as a general regional institution of higher learning. Academically, the University is organized into four colleges: the College of Science and Technology; the College of Education and Behavioral Sciences; the College of Humanities and the College of Business.

The University offers 76 undergraduate degree programs and 12 pre-professional programs of study. The University offers the Associate Degree in Arts, Applied Business, Applied Sciences, and Nursing. The University offers the Bachelor Degree in Business Administration and in Arts, Music, Music Education, Sciences, Social Work, University Studies, and Nursing. The Master of Arts Degree is offered in Adult and Higher Education, Art, Communications, Education, English, Health, Physical Education and Sport Sciences, Psychology, School Administration, Sociology, and Teaching.

The Master of Science Degree is offered in Biology, Industrial Education, and Career/Technical Education. Other Master's degrees include the Master of Business Administration, and Master of Music. The Post-Master's Degree of Ed.S. is offered, as well as programs leading to an Ed.D or Ph.D. offered cooperatively with the University of Kentucky. The University also offers eleven non-degree and certification programs at the graduate level.

The University's accreditation was reaffirmed in 1990 by the Southern Association of Colleges and School. Programs in veterinary technology, social work, radiologic technology, teacher education, nursing, and music are accredited through individual professional agencies.

The Morehead State University campus is located in the Appalachian foothills with main campus facilities in the city of Morehead and an agricultural center in Rowan County. Art and music facilities provide cultural programs and activities for the campus, community, and surrounding area. A modern student athletic center provides health, physical education, and recreation opportunities for students, employees, and members of the community. Over 47 percent of the university's students live in 13 residence halls and the university provides extensive student development programs.

Policy

An additional \$732,000 from the General Fund is provided in fiscal year 2005 for targeted programs.

The additional funding described in the following represent increases in base funding for Morehead State University:

An additional \$569,400 from the General Fund is provided in fiscal year 2005 to restore one-half of the recurring budget reductions from fiscal year 2004. An additional \$264,300 from the General Fund is provided in fiscal year 2006 representing Morehead State University's allocation from the \$5,000,000 appropriated to the Council on Postsecondary Education to rebalance the base funding in the context of significant and disproportionate student enrollment growth. An additional \$2,199,100 from the General Fund is provided in fiscal year 2006 representing Morehead State University's allocation from the \$45,000,000 appropriated to the Council on Postsecondary Education to enhance the institutions' base budgets. These funds were allocated using the Council's Funding Distribution Methodology.

Additional General Funds in the amount of \$248,900 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of three new expanded facilities.

Postsecondary Education
Postsecondary Education Institutions
Murray State University

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	54,887,000	57,891,600	50,999,000	52,381,100
Other				2,573,100
Total General Fund	54,887,000	57,891,600	50,999,000	54,954,200
Restricted Funds				
Current Receipts	60,392,600	64,150,700	60,392,600	64,150,700
Total Restricted Funds	60,392,600	64,150,700	60,392,600	64,150,700
Federal Funds				
Current Receipts	13,393,300	13,393,300	13,393,300	13,393,300
Total Federal Funds	13,393,300	13,393,300	13,393,300	13,393,300
TOTAL SOURCE OF FUNDS	128,672,900	135,435,600	124,784,900	132,498,200
EXPENDITURES BY CLASS				
Personnel Cost	83,005,200	88,924,200	80,932,700	87,986,100
Operating Expenses	32,597,300	33,632,100	31,401,800	31,832,800
Grants, Loans or Benefits	6,091,800	6,091,800	6,091,800	6,091,800
Debt Service	3,784,800	3,713,700	3,784,800	3,713,700
Capital Outlay	3,193,800	3,073,800	2,573,800	2,873,800
TOTAL EXPENDITURES	128,672,900	135,435,600	124,784,900	132,498,200
EXPENDITURES BY FUND SOURCE				
General Fund	54,887,000	57,891,600	50,999,000	54,954,200
Restricted Funds	60,392,600	64,150,700	60,392,600	64,150,700
Federal Funds	13,393,300	13,393,300	13,393,300	13,393,300
TOTAL EXPENDITURES	128,672,900	135,435,600	124,784,900	132,498,200
EXPENDITURES BY UNIT				
Instruction	48,594,900	52,499,900	46,907,100	48,485,600
Research	2,247,900	2,224,200	2,246,800	2,223,100
Public Service	5,413,600	5,538,000	5,737,400	5,716,800
Libraries	2,848,300	2,968,600	2,928,500	2,915,800
Academic Support	5,587,800	6,311,600	5,234,200	5,317,600
Student Services	9,946,200	10,302,500	9,340,900	9,654,300
Institutional Support	14,845,500	15,045,900	14,024,100	14,544,500
Operation and Maintenance of Plant	11,525,900	12,413,200	10,703,100	12,288,800
Scholarships and Fellowships	6,249,000	6,024,300	6,249,000	6,024,300
Mandatory Transfers	3,986,600	3,915,500	3,986,600	3,915,500
Non-Mandatory Transfers	2,026,900	2,026,900	2,026,900	2,026,900
Auxilliary Enterprises	15,400,300	16,165,000	15,400,300	16,165,000
Restore Portion of Past Budget Cuts				646,900
Past Enrollment Growth Funding				257,300
Base Funding Increase				2,315,800
TOTAL EXPENDITURES	128,672,900	135,435,600	124,784,900	132,498,200

The University, which is located in Murray, Calloway County, Kentucky, was established in 1922 as Murray Normal School by the act of the General Assembly of Kentucky. In 1966, the General Assembly established its present name, Murray State University. The University's main campus is a 232-acre site in Murray. Two agricultural farms totaling 351 acres are within one mile of the campus.

The governing body of the University is the Board of Regents, consisting of eight members appointed by the Governor, one faculty member, one staff member, and one student member. Pursuant to KRS 164.350, the Board of Regents is a body corporate with the powers usually vested in corporations and, as such, subject to the statutes of the Commonwealth, has control and management of the University.

From an enrollment of 87 students in 1923, the University has grown to more than 9,920 students with a full-time teaching faculty of 390. The University is a comprehensive institution comprised of five colleges and one school: College of Business and Public Affairs; College of Education; College of Health Sciences and Human Services; College of Humanities and Fine Arts; College of Science, Engineering and Technology; and School of Agriculture.

Pre-professional curricula are provided in medicine, dentistry, veterinary medicine, engineering, pharmacy, law, architecture, and physical therapy. Additionally, the University offers interactive television and web distance learning, extended campus, correspondence and evening classes.

The University confers 24 different degrees. These include four Associate Degrees, 11 Baccalaureate Degrees, 9 Masters Degrees and one Specialist Degree. Degrees offered are the Associate of Arts, Associate of Science, Associate of Applied Science, and Associate of Science in Vocational-Technical Education; Bachelor of Arts in Business, Bachelor of Fine Arts, Bachelor of Independent Studies, Bachelor of Music, Bachelor of Science, Bachelor of Science in Agriculture, Bachelor of Science in Business, Bachelor of Science in Vocational-Technical Education, Bachelor of Science in Nursing, and Bachelor of Social Work; Master of Arts, Master of Arts in Education, Master of Arts in Teaching, Master of Business Administration, Master of Music Education, Master of Public Administration, Master of Science, Master of Professional Accountancy, and Master of Science in Nursing; and Specialist in Education.

Murray State University was designated by the Kentucky Council on Postsecondary Education for a Center of Excellence in Reservoir Research and an Endowed Chair for Applied Ecosystem Ecology, as well as funding for a Program of Distinction in telecommunications systems management. The University is the official transfer agency for NASA Landsat technology in Kentucky.

Policy

An additional \$796,000 from the General Fund is provided in fiscal year 2005 for targeted programs.

The additional funding described in the following represent increases in base funding for Murray State University:

An additional \$646,900 from the General Fund is provided in fiscal year 2005 to restore one-half of the recurring budget reductions from fiscal year 2004. An additional \$257,300 from the General Fund is provided in fiscal year 2006 representing Murray State University's allocation from the \$5,000,000 appropriated to the Council on Postsecondary Education to rebalance the base funding in the context of significant and disproportionate student enrollment growth. An additional \$2,315,800 from the General Fund is provided in fiscal year 2006 representing Murray State University's allocation from the \$45,000,000 appropriated to the Council on Postsecondary Education to enhance the institutions' base budgets. These funds were allocated using the Council's Funding Distribution Methodology.

An additional \$300,000 from the General Fund is provided in fiscal year 2006 for a new Pathological Incinerator for the Breathitt Veterinary Center, which includes building modification, engineering equipment, and installation.

Additional General Funds in the amount of \$1,230,000 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of four new facilities and several University farm buildings.

Postsecondary Education
Postsecondary Education Institutions
Northern Kentucky University

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	52,237,700	56,200,900	46,020,500	46,806,300
Other				4,527,200
Total General Fund	52,237,700	56,200,900	46,020,500	51,333,500
Restricted Funds				
Current Receipts	92,525,000	101,001,000	92,525,000	101,001,000
Total Restricted Funds	92,525,000	101,001,000	92,525,000	101,001,000
Federal Funds				
Current Receipts	11,130,700	11,130,700	11,130,700	11,130,700
Total Federal Funds	11,130,700	11,130,700	11,130,700	11,130,700
TOTAL SOURCE OF FUNDS	155,893,400	168,332,600	149,676,200	163,465,200
EXPENDITURES BY CLASS				
Personnel Cost	87,898,900	93,735,600	85,775,400	95,981,200
Operating Expenses	33,345,400	36,472,600	30,790,300	32,495,700
Grants, Loans or Benefits	24,052,900	26,507,200	23,354,200	25,109,800
Debt Service	4,974,500	4,731,700	4,974,500	4,731,700
Capital Outlay	5,621,700	6,885,500	4,781,800	5,146,800
TOTAL EXPENDITURES	155,893,400	168,332,600	149,676,200	163,465,200
EXPENDITURES BY FUND SOURCE				
General Fund	52,237,700	56,200,900	46,020,500	51,333,500
Restricted Funds	92,525,000	101,001,000	92,525,000	101,001,000
Federal Funds	11,130,700	11,130,700	11,130,700	11,130,700
TOTAL EXPENDITURES	155,893,400	168,332,600	149,676,200	163,465,200
EXPENDITURES BY UNIT				
Instruction	54,313,600	58,670,200	52,619,300	55,753,100
Research	408,800	413,100	408,800	413,100
Public Service	7,162,100	8,556,800	6,726,900	6,584,400
Libraries	5,134,800	5,562,300	4,934,800	5,212,300
Academic Support	12,671,000	13,702,900	12,109,500	12,303,000
Student Services	10,043,600	10,477,600	9,993,600	10,377,600
Institutional Support	16,935,700	18,129,100	16,333,000	17,196,400
Operation and Maintenance of Plant	11,985,800	13,333,300	10,061,000	12,075,500
Scholarships and Fellowships	23,362,400	25,816,700	22,613,700	24,369,300
Mandatory Transfers	5,285,900	5,043,100	5,285,900	5,043,100
Non-Mandatory Transfers	2,805,700	2,805,700	2,805,700	2,805,700
Auxilliary Enterprises	5,784,000	5,821,800	5,784,000	5,821,800
Restore Portion of Past Budget Cuts				982,700
Past Enrollment Growth Funding				899,600
Base Funding Increase				3,627,600
TOTAL EXPENDITURES	155,893,400	168,332,600	149,676,200	163,465,200

Northern Kentucky University (NKU) is a comprehensive institution of higher education located in a large metropolitan area. To meet the needs of the eight-county northern Kentucky region, NKU provides programs at the associate, bachelor's, master's, and first professional degree levels. The university started in 1948 as an extension center of the University of Kentucky (UK) and later as part of the University of Kentucky's Community College System. Northern Kentucky University became an autonomous senior institution in 1968 by an act of the Kentucky General Assembly. A Board of Regents was appointed, and subsequently, the Board of Trustees of the University of Kentucky turned over the Covington facilities and assets of Northern Community College to Northern Kentucky State College. These facilities, along with the community college faculty and students, formed the nucleus of Northern.

Limited space at the Covington campus and a rapidly growing enrollment necessitated the move to a new campus in Highland Heights in the fall of 1972. The first bachelor's degrees were awarded in the spring of 1973.

In 1976, Northern Kentucky State College was renamed Northern Kentucky University under KRS 164.290. The programs of study offered by the university are those of a multipurpose state institution. There are 62 undergraduate degree programs offered in the arts and sciences, in business, and in professional studies areas. The Master's degrees offered are in accountancy, computer science, teaching, education, business administration, science, information systems, public administration, nursing, technology as well as a juris doctor degree. The NKU Graduate Center, created in response to NKU's special mission of exploring experimental methods of delivering education, offers degree programs in community nutrition (with Eastern Kentucky University), library science (with UK), nursing (with UK), and social work (with UK).

Northern Kentucky University works with vocational schools in the area on joint programs in industrial education, nursing, and data processing to avoid duplication and to facilitate student movement between the vocational school and the university.

In 1981, the Commonwealth of Kentucky and the state of Ohio entered into a reciprocal tuition agreement at the graduate and first-professional degree levels. The agreement permits citizens of northern Kentucky and Cincinnati to attend either NKU or the University of Cincinnati at resident tuition rates. In 1991, a reciprocity agreement was developed to include selected undergraduate programs at the University of Cincinnati, Cincinnati Technical College, and NKU.

Policy

An additional \$952,000 from the General Fund is provided in fiscal year 2005 for targeted programs.

The additional funding described in the following represent increases in base funding for Northern Kentucky University:

An additional \$982,700 from the General Fund is provided in fiscal year 2005 to restore one-half of the recurring budget reductions from fiscal year 2004. An additional \$899,600 from the General Fund is provided in fiscal year 2006 representing Northern Kentucky University's allocation from the \$5,000,000 appropriated to the Council on Postsecondary Education to rebalance the base funding in the context of significant and disproportionate student enrollment growth. An additional \$3,627,600 from the General Fund is provided in fiscal year 2006 representing Northern Kentucky University's allocation from the \$45,000,000 appropriated to the Council on Postsecondary Education to enhance the institutions' base budgets. These funds were allocated using the Council's Funding Distribution Methodology.

Additional General Funds in the amount of \$997,900 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of two new facilities.

Postsecondary Education
Postsecondary Education Institutions
University of Kentucky

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	321,886,100	332,233,600	290,905,900	303,070,800
Other				11,231,400
Total General Fund	321,886,100	332,233,600	290,905,900	314,302,200
Restricted Funds				
Current Receipts	957,076,400	995,223,100	939,204,600	976,251,500
Total Restricted Funds	957,076,400	995,223,100	939,204,600	976,251,500
Federal Funds				
Current Receipts	170,696,000	175,533,600	161,818,700	166,596,000
Total Federal Funds	170,696,000	175,533,600	161,818,700	166,596,000
TOTAL SOURCE OF FUNDS	1,449,658,500	1,502,990,300	1,391,929,200	1,457,149,700
EXPENDITURES BY CLASS				
Personnel Cost	826,092,500	862,462,600	765,067,300	823,892,300
Operating Expenses	467,977,700	482,375,500	471,733,400	475,535,400
Grants, Loans or Benefits	75,378,700	77,668,400	75,378,700	77,668,300
Debt Service	33,325,700	33,445,400	33,017,300	33,321,200
Capital Outlay	46,883,900	47,038,400	46,732,500	46,732,500
TOTAL EXPENDITURES	1,449,658,500	1,502,990,300	1,391,929,200	1,457,149,700
EXPENDITURES BY FUND SOURCE				
General Fund	321,886,100	332,233,600	290,905,900	314,302,200
Restricted Funds	957,076,400	995,223,100	939,204,600	976,251,500
Federal Funds	170,696,000	175,533,600	161,818,700	166,596,000
TOTAL EXPENDITURES	1,449,658,500	1,502,990,300	1,391,929,200	1,457,149,700
EXPENDITURES BY UNIT				
Instruction	285,137,500	294,734,900	228,843,200	250,479,900
Research	238,609,200	247,342,900	246,114,400	244,658,300
Public Service	178,541,400	185,208,200	176,877,400	182,394,000
Libraries	22,922,900	23,823,300	22,226,100	22,704,600
Academic Support	56,075,400	57,763,600	54,873,600	55,954,600
Student Services	24,239,900	25,054,500	23,306,400	23,800,600
Institutional Support	62,285,600	65,014,400	59,973,700	61,894,200
Operation and Maintenance of Plant	50,248,500	52,820,800	48,424,700	49,987,000
Scholarships and Fellowships	75,378,700	77,668,400	75,378,700	77,668,300
Mandatory Transfers	19,791,900	19,998,600	19,483,500	19,874,400
Auxilliary Enterprises	101,523,300	105,613,500	101,523,300	105,613,500
Hospitals	334,904,200	347,947,200	334,904,200	348,122,200
Restore Portion of Past Budget Cuts				2,766,700
Past Enrollment Growth Funding				665,700
Base Funding Increase				10,565,700
TOTAL EXPENDITURES	1,449,658,500	1,502,990,300	1,391,929,200	1,457,149,700

The University is a comprehensive, land-grant institution located in Lexington, (Fayette County), Kentucky. Founded in 1865 under the provisions of the Morrill Land-Grant Act, the University began as part of Kentucky University. In 1878, the Agricultural and Mechanical College was separated from Kentucky University and reestablished on land given by Lexington and Fayette County. To provide a separate campus for the new institution, Lexington donated its 50-acre fairground and park, and along with Fayette County, contributed construction of the buildings. Thirty years later the name was changed to State University, Lexington, Kentucky, and in 1916 it became the University of Kentucky.

The University is organized into 17 colleges and graduate schools plus extension programs, and operates a Community College located in Lexington, Kentucky. From an enrollment of 273 students in 1876, the University has more than 30,000 students and approximately 10,000 faculty and staff. The campus today has more than 100 major buildings including not only modern teaching and research facilities, but also renovated history-laden structures dating back to the 1800's. The University has produced two Nobel Laureates and seven governors of the state including the first female governor. Scientific advances in medicine, energy, equine, and other fields of research have caused the University to be ranked among the top 100 research universities in the nation, the only one in Kentucky to be so recognized.

The University of Kentucky serves as the principal research and graduate degree granting institution in the Commonwealth. KRS 164.125 authorizes the University to offer baccalaureate, professional, master's, specialist, doctoral, and postdoctoral programs and to conduct joint doctoral programs in cooperation with other institutions. The University was challenged by the Kentucky Postsecondary Education Improvement Act of 1997 to become a major comprehensive research institution, ranked nationally in the top twenty public universities.

Research and service functions are further defined by state and federal statutes as necessary and appropriate for the Commonwealth's land-grant institution in accordance with the Morrill Act of 1862. KRS 164.100 is Kentucky's Land-Grant Act; the Hatch Act of 1887 and KRS 164.110 support research and agricultural extension; KRS 164.120 supports instruction; and the Smith-Lever Act, KRS 164.605, and KRS 164.675 support cooperative extension.

Policy

The enacted budget finances the first phase of the replacement of the University of Kentucky Hospital. It includes \$200 million, half from Agency Bonds and half from Restricted funds. House Bill 497 expressed the 2005 General Assembly's intention to authorize the second phase of the project with an additional \$150 million in Agency Bonds.

The Appropriations Act, House Bill 267, Part XXV, established a one-cent surtax on the sale of each twenty cigarettes to fund a cancer research matching fund. The surtax proceeds are directed one-half each to the University of Louisville and the University of Kentucky, to be matched from external sources. In fiscal year 2006, the surtax is expected to bring in approximately \$4,300,000.

In fiscal year 2005 additional General Funds are provided for the following: \$8,158,000 for targeted programs, \$3,000,000 to expand the capacity available for bio-science research and commercialization, and \$500,000 for the Oral History Program to be matched by the Research Challenge Trust Fund grant,

An additional \$600,000 from the General Fund is provided each year of the biennium for the Collaborative Center for Literacy Development, including the Reading Recovery Teacher Training Program.

The additional funding described in the following represent increases in base funding for the University of Kentucky:

An additional \$2,766,700 from the General Fund is provided in fiscal year 2005 to restore one-half of the recurring budget reductions from fiscal year 2004. An additional \$665,700 from the General Fund is provided in fiscal year 2006 representing the University of Kentucky's allocation from the \$5,000,000 appropriated to the Council on Postsecondary Education to rebalance the base funding in the context of significant and disproportionate student enrollment growth. An additional \$10,565,700 from the General Fund is provided in fiscal year 2006 representing the University of Kentucky's allocation from the \$45,000,000 appropriated to the Council on Postsecondary Education to enhance the institutions' base budgets. These funds were allocated using the Council's Funding Distribution Methodology.

Additional General Funds in the amount of \$2,887,900 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of five new facilities and one expanded facility.

An additional \$175,000 from the General Fund is provided in fiscal year 2006 for the Kentucky Health Care Infrastructure Authority.

The University of Kentucky Cooperative Extension Service received an additional \$1,000,000 from the General Fund in fiscal year 2006 to support the costs of salary adjustments and the establishment of a career advancement track for its employees.

The Lexington Community College has transferred from the University of Kentucky to the Kentucky Community and Technical College System (KCTCS). The General Funds that were transferred from UK to KCTCS total \$7,957,700 in fiscal year 2005, and \$8,333,100 in fiscal year 2006.

Postsecondary Education
Postsecondary Education Institutions
University of Louisville

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	186,128,700	196,044,500	172,790,800	176,109,100
Other				7,578,800
Total General Fund	186,128,700	196,044,500	172,790,800	183,687,900
Restricted Funds				
Current Receipts	357,507,500	390,008,200	357,507,500	390,008,200
Total Restricted Funds	357,507,500	390,008,200	357,507,500	390,008,200
Federal Funds				
Current Receipts	80,500,500	87,818,700	80,500,500	87,818,700
Total Federal Funds	80,500,500	87,818,700	80,500,500	87,818,700
TOTAL SOURCE OF FUNDS	624,136,700	673,871,400	610,798,800	661,514,800
EXPENDITURES BY CLASS				
Personnel Cost	398,950,600	429,972,600	388,908,100	426,756,800
Operating Expenses	125,940,700	139,451,300	124,208,300	131,870,100
Grants, Loans or Benefits	60,439,900	65,635,200	60,439,900	65,635,200
Debt Service	17,350,300	17,357,100	15,787,300	15,797,500
Capital Outlay	21,455,200	21,455,200	21,455,200	21,455,200
TOTAL EXPENDITURES	624,136,700	673,871,400	610,798,800	661,514,800
EXPENDITURES BY FUND SOURCE				
General Fund	186,128,700	196,044,500	172,790,800	183,687,900
Restricted Funds	357,507,500	390,008,200	357,507,500	390,008,200
Federal Funds	80,500,500	87,818,700	80,500,500	87,818,700
TOTAL EXPENDITURES	624,136,700	673,871,400	610,798,800	661,514,800
EXPENDITURES BY UNIT				
Instruction	157,833,600	176,253,300	145,245,600	158,394,100
Research	74,726,400	80,371,700	77,921,900	79,377,200
Public Service	49,847,700	53,225,800	49,517,000	53,095,100
Libraries	16,611,100	17,736,800	16,499,800	17,625,500
Academic Support	86,410,100	92,266,000	85,838,300	91,694,300
Student Services	13,117,400	14,006,200	13,030,900	13,919,700
Institutional Support	50,567,300	53,994,100	50,233,500	53,660,300
Operation and Maintenance of Plant	26,520,300	28,997,600	25,574,500	28,827,600
Scholarships and Fellowships	62,626,000	66,870,000	62,626,000	66,870,000
Mandatory Transfers	18,360,800	19,378,200	15,784,800	15,582,400
Non-Mandatory Transfers			1,010,500	2,021,000
Auxilliary Enterprises	42,480,100	45,359,100	42,480,100	45,359,100
Hospitals	25,035,900	25,412,600	25,035,900	25,964,400
Restore Portion of Past Budget Cuts				1,545,300
Past Enrollment Growth Funding				713,100
Base Funding Increase				6,865,700
TOTAL EXPENDITURES	624,136,700	673,871,400	610,798,800	661,514,800

The University of Louisville (the "University") is an urban university that has had close historical and legal ties with Louisville-Jefferson County. The University was founded in 1798 as the Jefferson Seminary, later known as Louisville College, and 1846 became the University of Louisville by legislative charter. The University became a member of Kentucky's public higher education system on July 1, 1970, and amended its charter to reflect its status as a state institution, subject to the administration and control of the Board of Trustees of the University which was constituted a public body corporate, with the usual corporate powers, and possessing all the authorities, immunities, rights, privileges, and franchises normally attached to the governing bodies of Kentucky public higher education institutions.

The University has established or designated independent components for the following divisions: the College of Arts & Sciences, Graduate School, School of Dentistry, Speed Scientific School, School of Music, School of Medicine, School of Law, College of Education & Human Development, School of Public Health, School of Nursing, College of Business & Public Administration, Kent School, and Undergraduate Studies. The University as a whole is a member of, or is accredited by, the following agencies: The American Council on Education, the Association of American Colleges, the Association of Urban Universities, the American Association of University Women, the Southern University Conference, the Southern Association of Colleges and Secondary Schools, the University of the State of New York and the Kentucky State Department of Education.

The University of Louisville's mission continues the institution's historical emphasis on undergraduate and graduate education while placing a new emphasis on research. The benefits of becoming a premier research university cannot be overstated. Top research universities attract millions of dollars in federal funding and private grants, which in turn drives economic growth throughout the economy. By focusing on this goal, the University can help enhance Kentucky's economic potential and prepare its citizens.

The University of Louisville also fulfills a unique role as a metropolitan university. The University has three campuses. The 169 acre Belknap Campus is three miles from downtown Louisville and houses ten of the University's 13 colleges, schools, and divisions. The Health Sciences Center is situated in downtown Louisville's medical complex and houses the University's health-related programs and the University of Louisville Hospital. The 243 acre Shelby Campus located in eastern Jefferson County contains the National Crime Prevention Institute and the University Center for Continuing and Professional Education.

Policy

The Appropriations Act, House Bill 267, Part XXV, established a one-cent surtax on the sale of each twenty cigarettes to fund a cancer research matching fund. The surtax proceeds are directed one-half each to the University of Louisville and the University of Kentucky, to be matched from external sources. In fiscal year 2006, the surtax is expected to bring in approximately \$4,300,000.

An additional \$3,690,000 from the General Fund is provided in fiscal year 2005 for targeted programs.

An additional \$1,545,300 from the General Fund is provided in fiscal year 2005 to restore one-half of the recurring budget reductions from fiscal year 2004.

An additional \$713,100 from the General Fund is provided in fiscal year 2006 representing the University of Louisville's allocation from the \$5,000,000 appropriated to the Council on Postsecondary Education to rebalance the base funding in the context of significant and disproportionate student enrollment growth.

An additional \$6,865,700 from the General Fund is provided in fiscal year 2006 representing the University of Louisville's allocation from the \$45,000,000 appropriated to the Council on Postsecondary Education to enhance the institutions' base budgets. These funds were allocated using the Council's Funding Distribution Methodology.

Included in the budget for the University of Louisville is \$17,693,200 in fiscal year 2004 and \$18,070,100 in fiscal year 2006 to fulfill the Commonwealth's contractual obligation relating to indigent care furnished through the Quality and Charity Care Trust Agreement. Additional General Funds in the amount of \$1,508,400 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of four new facilities and two expanded facilities.

An additional \$175,000 from the General Fund is provided in fiscal year 2006 for the Kentucky Health Care Infrastructure Authority.

An additional \$200,000 from the General Fund is provided in fiscal year 2006 for the Equine Industry Program.

Postsecondary Education
Postsecondary Education Institutions
Western Kentucky University

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	80,095,500	87,862,600	70,040,400	71,963,200
Other				6,075,600
Total General Fund	80,095,500	87,862,600	70,040,400	78,038,800
Restricted Funds				
Current Receipts	126,586,000	138,009,000	126,586,000	138,009,000
Total Restricted Funds	126,586,000	138,009,000	126,586,000	138,009,000
Federal Funds				
Current Receipts	35,600,000	39,071,000	35,600,000	39,071,000
Total Federal Funds	35,600,000	39,071,000	35,600,000	39,071,000
TOTAL SOURCE OF FUNDS	242,281,500	264,942,600	232,226,400	255,118,800
EXPENDITURES BY CLASS				
Personnel Cost	130,945,800	143,256,000	122,179,500	136,584,900
Operating Expenses	67,392,200	74,848,300	66,103,400	71,710,600
Grants, Loans or Benefits	32,901,600	35,309,600	32,901,600	35,294,600
Debt Service	3,316,400	3,326,200	3,316,400	3,326,200
Capital Outlay	7,725,500	8,202,500	7,725,500	8,202,500
TOTAL EXPENDITURES	242,281,500	264,942,600	232,226,400	255,118,800
EXPENDITURES BY FUND SOURCE				
General Fund	80,095,500	87,862,600	70,040,400	78,038,800
Restricted Funds	126,586,000	138,009,000	126,586,000	138,009,000
Federal Funds	35,600,000	39,071,000	35,600,000	39,071,000
TOTAL EXPENDITURES	242,281,500	264,942,600	232,226,400	255,118,800
EXPENDITURES BY UNIT				
Instruction	83,853,400	92,736,500	78,817,300	84,442,900
Research	10,450,300	10,999,500	10,243,800	10,586,500
Public Service	18,805,200	20,802,200	18,709,200	19,010,200
Libraries	6,308,800	6,653,400	5,964,200	5,964,200
Academic Support	8,335,900	10,286,000	7,791,300	9,396,800
Student Services	21,119,600	22,584,800	20,568,200	21,482,000
Institutional Support	19,931,600	21,312,600	18,635,600	19,120,600
Operation and Maintenance of Plant	21,392,700	24,127,400	19,412,800	21,985,500
Scholarships and Fellowships	31,541,500	33,165,900	31,541,500	33,165,900
Mandatory Transfers	3,316,400	3,326,200	3,316,400	3,326,200
Auxilliary Enterprises	17,226,100	18,948,100	17,226,100	18,948,100
Restore Portion of Past Budget Cuts				1,614,300
Past Enrollment Growth Funding				1,000,000
Base Funding Increase				5,075,600
TOTAL EXPENDITURES	242,281,500	264,942,600	232,226,400	255,118,800

The University, located at Bowling Green, Warren County, Kentucky, was established by the General Assembly in 1906 when there was authorized the establishment of two schools in the state for the training of teachers. On January 1, 1907, the Southern Normal School was transferred to the state of Kentucky. The President of that Institution became President of the Western Kentucky State Normal School. The 1922 General Assembly changed the name of the institution to the Western Kentucky State Normal School and Teachers College, and passed an enabling act permitting the institution to confer degrees. In 1930 the name was changed to the Western Kentucky State Teachers College and in 1948 to the Western Kentucky State College. Pursuant to a 1966 Act of the General Assembly, the name has been officially changed to Western Kentucky University.

The University is authorized to offer the following programs as set forth in KRS 164.295: associate and baccalaureate programs of instruction; graduate programs of instruction at the master's degree level in education, business, and the arts and sciences; educational requirements for teachers, school leaders, and other certified personnel; research and service programs directly related to the needs of its primary geographical area; and programs of a community college nature in its own community.

The University has been divided into colleges and other units to facilitate the offering of these programs and services. The colleges are: Gordon Ford College of Business; College of Education and Behavioral Sciences; Ogden College of Science and Engineering; Potter College of Arts, Humanities and Social Sciences; the Graduate College; the Community College, and College of Health and Human Services.

The undergraduate offerings include degrees, associate degrees, and certificate programs. The University offers the Bachelor of Arts, Bachelor of Science, Bachelor of Music, Bachelor of Science in Nursing, and Bachelor of Fine Arts with more than 80 areas of study. Preprofessional programs are also available in the following areas: chiropractic, dental, engineering, forestry, law, medicine, optometry, pharmacy, physical therapy, pediatric medicine, theology, and veterinary. Associate degree programs are also offered leading to Associate of Arts, Associate of Science, and Associate of Liberal Studies degrees in 19 areas. One-year certificate programs are available in Real Estate and Agricultural Equipment Technology.

Graduate instruction is offered through the Graduate College at the master's and specialist's levels. At the master's level, the following degrees are offered: Master of Business Administration; Master of Music; Master of Public Services - (Option In) Counseling, City and Regional Planning, and Master of Public Administration; Master of Arts - Child Development and Family Living, English, Folk Studies, Humanities, History, Sociology, Psychology, and Communications; Master of Science - Agriculture, Biology, Chemistry, Computer Science, Geography, Health, Library Science, Mathematics, Physical Education, Recreation, Institutional and Home Environment - (Option In) Interior Design and Housing, Textiles and Clothing, Foods and Nutrition, and Master of Communication Disorders. The Specialist Degree is offered in education.

Two non-degree programs at the graduate level are the fifth-year program and the Rank I and Rank II Teacher Certificate program in the College of Education and Behavioral Sciences. Instruction is provided for the students in joint doctoral programs in education with the University of Kentucky, in cooperative doctoral programs in aquatic biology and fossil fuel chemistry with University of Louisville and a cooperative master's degree in nursing at the University of Kentucky.

The academic year of the University is divided into two semesters of approximately 18 weeks each, and a summer session of eight weeks.

The main campus of the University is located on a site containing 180 acres and an additional 53 acres, located in Bowling Green and Warren County, are used for recreational, instructional, and research purposes. The University also operates a farm of 789 acres and has a 454 acre biological reserve for instructional and research purposes.

Policy

An additional \$1,162,000 from the General Fund is provided in fiscal year 2005 for targeted programs.

The additional funding described in the following represent increases in base funding for Western Kentucky University:

An additional \$1,614,300 from the General Fund is provided in fiscal year 2005 to restore one-half of the recurring budget reductions from fiscal year 2004. An additional \$1,000,000 from the General Fund is provided in fiscal year 2006 representing Western Kentucky University's allocation from the \$5,000,000 appropriated to the Council on Postsecondary Education to rebalance the base funding in the context of significant and disproportionate student enrollment growth. An additional \$5,075,600 from the General Fund is provided in fiscal year 2006 representing Western Kentucky University's allocation from the \$45,000,000 appropriated to the Council on Postsecondary Education to enhance the institutions' base budgets. These funds were allocated using the Council's Funding Distribution Methodology.

Additional General Funds in the amount of \$1,449,700 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of three new facilities and one expanded facility.

Postsecondary Education
Postsecondary Education Institutions
Kentucky Community and Technical College System

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	199,404,200	210,048,300	192,279,600	195,006,300
Other				11,322,100
Total General Fund	199,404,200	210,048,300	192,279,600	206,328,400
Restricted Funds				
Current Receipts	205,586,100	222,238,000	222,354,800	240,209,600
Fund Transfers			-9,868,900	-3,500,000
Total Restricted Funds	205,586,100	222,238,000	212,485,900	236,709,600
Federal Funds				
Current Receipts	114,023,700	129,987,000	122,901,000	138,924,600
Total Federal Funds	114,023,700	129,987,000	122,901,000	138,924,600
TOTAL SOURCE OF FUNDS	519,014,000	562,273,300	527,666,500	581,962,600
EXPENDITURES BY CLASS				
Personnel Cost	235,857,200	263,064,500	263,215,200	302,942,800
Operating Expenses	140,522,700	146,576,600	128,840,000	134,354,000
Grants, Loans or Benefits	119,731,500	127,922,700	118,817,500	126,862,500
Debt Service	11,189,300	11,233,400	5,994,100	5,974,400
Capital Outlay	11,713,300	13,476,100	10,799,700	11,828,900
TOTAL EXPENDITURES	519,014,000	562,273,300	527,666,500	581,962,600
EXPENDITURES BY FUND SOURCE				
General Fund	199,404,200	210,048,300	192,279,600	206,328,400
Restricted Funds	205,586,100	222,238,000	212,485,900	236,709,600
Federal Funds	114,023,700	129,987,000	122,901,000	138,924,600
TOTAL EXPENDITURES	519,014,000	562,273,300	527,666,500	581,962,600
EXPENDITURES BY UNIT				
Instruction	160,114,100	179,460,200	190,646,100	205,896,000
Public Service	51,394,600	52,191,500	39,995,500	46,037,300
Libraries	1,555,900	1,860,200	1,177,500	1,388,500
Academic Support	26,023,100	29,233,900	25,456,200	28,100,200
Student Services	31,085,100	33,657,000	30,394,900	32,306,500
Institutional Support	62,654,800	65,816,100	62,002,900	64,597,400
Operation and Maintenance of Plant	61,165,100	63,208,200	56,501,000	57,179,200
Scholarships and Fellowships	94,782,300	104,841,800	94,502,200	104,281,600
Mandatory Transfers	11,189,300	11,233,400	7,940,500	7,712,600
Auxilliary Enterprises	19,049,700	20,771,000	19,049,700	20,771,000
Restore Portion of Past Budget Cuts				2,370,200
Past Enrollment Growth Funding				1,000,000
Base Funding Increase				10,322,100
TOTAL EXPENDITURES	519,014,000	562,273,300	527,666,500	581,962,600

The Postsecondary Education Improvement Act of 1997 created the Kentucky Community and Technical College System (KCTCS) with a mission "to be the primary provider of two-year transfer and technical programs, workforce training for existing and new businesses and industries, and remedial and continuing education to improve the quality of life and employability of the citizens of the Commonwealth of Kentucky." One of the goals of KCTCS is to develop a "seamless, integrated system of postsecondary education that is strategically planned and adequately funded to enhance economic development and quality of life."

KCTCS is composed of 16 community and technical college districts comprising 28 community and technical colleges plus several branch campuses and distance learning centers strategically located across the Commonwealth. The Kentucky Community and Technical College System's enrollment in credit courses has increased from 45,529 in the fall of 1999 to 72,000 in the fall of 2003. Thirteen community colleges formerly under the jurisdiction of the University of Kentucky are part of KCTCS. All of the postsecondary technical institutions formerly a part of Kentucky Tech in the Workforce Development Cabinet are part of KCTCS. The Kentucky Community and Technical College System has been streamlining and improving service delivery including consolidation of programs and services at many of the colleges. The Kentucky Community and Technical College System is developing state-of-the-art technology infrastructure to improve the quality of instruction, enhance and expand professional development opportunities, increase access through distance learning, and streamline administrative functions.

Policy

An additional \$3,046,000 from the General Fund is provided in fiscal year 2005 for targeted programs.

The additional funding described in the following represent increases in base funding for the Kentucky Community and Technical College System:

An additional \$2,370,200 from the General Fund is provided in fiscal year 2005 to restore one-half of the recurring budget reductions from fiscal year 2004. An additional \$1,000,000 from the General Fund is provided in fiscal year 2006 representing KCTCS' allocation from the \$5,000,000 appropriated to the Council on Postsecondary Education to rebalance the base funding in the context of significant and disproportionate student enrollment growth. An additional \$10,322,100 from the General Fund is provided in fiscal year 2006 representing KCTCS' allocation from the \$45,000,000 appropriated to the Council on Postsecondary Education to enhance the institutions' base budgets. These funds were allocated using the Council's Funding Distribution Methodology.

Additional General Funds in the amount of \$1,300,000 in fiscal year 2005 and \$1,346,800 in fiscal year 2006 are provided for the costs associated with the maintenance and operations of seven new facilities.

In recognition of the increased demand for more skilled employees in the mining industry, the enacted budget includes \$3,000,000 in fiscal year 2006 to expand the capacity of the KCTCS system.

The Lexington Community College has transferred from the University of Kentucky to the Kentucky Community and Technical College System (KCTCS). The General Funds that were transferred from UK to KCTCS total \$7,957,700 in fiscal year 2005, and \$8,333,100 in fiscal year 2006.

Within the KCTCS budget is \$24,035,500 in fiscal year 2005 and \$25,198,700 in fiscal year 2006 for the Firefighters Foundation Program Fund. Notwithstanding KRS 95A.262(14), an additional \$250,000 in fiscal year 2005 and \$1,000,000 in fiscal year 2006 from the Firefighter's Foundation Program Fund is authorized to be expended on firefighter training, equipment, and support activities. Notwithstanding KRS Chapter 95A, \$9,000,000 in fiscal year 2005 and \$3,500,000 in fiscal year 2006 shall be transferred to the General Fund from the Firefighters Foundation Program Fund.

Transportation Cabinet

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	6,859,900	6,896,500	5,203,400	5,203,400
Continuing Appropriation			606,600	
Total General Fund	6,859,900	6,896,500	5,810,000	5,203,400
Restricted Funds				
Balance Forward	4,046,100	4,090,800	17,898,600	10,481,200
Current Receipts	99,186,400	100,247,000	248,078,700	98,747,800
Fund Transfers			-5,000,000	-2,500,000
Total Restricted Funds	103,232,500	104,337,800	260,977,300	106,729,000
Federal Funds				
Current Receipts	571,060,000	571,714,300	615,085,300	615,140,600
Total Federal Funds	571,060,000	571,714,300	615,085,300	615,140,600
Road Fund				
Regular Appropriation	1,094,053,800	1,117,025,000	1,071,098,900	1,104,022,100
Total Road Fund	1,094,053,800	1,117,025,000	1,071,098,900	1,104,022,100
Highway Bonds				
Highway Bonds			450,000,000	
Total Highway Bonds			450,000,000	
TOTAL SOURCE OF FUNDS	1,775,206,200	1,799,973,600	2,402,971,500	1,831,095,100
EXPENDITURES BY CLASS				
Personnel Cost	416,403,900	440,010,100	394,758,400	402,514,700
Operating Expenses	244,770,900	244,121,700	234,238,100	236,269,900
Grants, Loans or Benefits	159,998,100	161,892,300	315,553,700	159,792,300
Debt Service	123,784,900	132,586,700	123,430,800	192,637,000
Capital Outlay	11,488,600	11,260,300	12,886,400	12,486,600
Construction	814,669,000	806,077,300	1,311,622,900	820,979,000
TOTAL EXPENDITURES	1,771,115,400	1,795,948,400	2,392,490,300	1,824,679,500
EXPENDITURES BY FUND SOURCE				
General Fund	6,859,900	6,896,500	5,810,000	5,203,400
Restricted Funds	99,141,700	100,312,600	250,496,100	100,313,400
Federal Funds	571,060,000	571,714,300	615,085,300	615,140,600
Road Fund	1,094,053,800	1,117,025,000	1,071,098,900	1,104,022,100
Highway Bonds			450,000,000	
TOTAL EXPENDITURES	1,771,115,400	1,795,948,400	2,392,490,300	1,824,679,500
EXPENDITURES BY UNIT				
General Administration and Support	96,458,800	98,418,900	90,563,300	92,072,000
Aviation	5,515,000	5,509,700	6,677,100	6,015,000
Debt Service	116,113,500	125,170,000	116,113,500	166,840,900
Highways	1,254,613,500	1,273,319,500	1,738,125,600	1,276,894,700
Public Transportation	34,587,500	34,652,400	33,537,600	32,943,200
Revenue Sharing	227,623,500	231,301,300	386,928,500	229,080,600
Vehicle Regulation	22,804,600	23,828,600	20,544,700	20,833,100
Transfer to Capital Projects	13,399,000	3,748,000		
TOTAL EXPENDITURES	1,771,115,400	1,795,948,400	2,392,490,300	1,824,679,500

The Transportation Cabinet had its origin as an agency of the Commonwealth of Kentucky in 1912 when the General Assembly established the Department of Highways. The scope of this original unit was significantly broadened by Executive Orders 72-288 and 73-54, and ratified by the 1974 General Assembly. The 1974 legislation consolidated the Departments of Highways, Motor Transportation, and Aeronautics, plus certain transportation-related functions of the Department of Public Safety and the Department of Revenue. Subsequently, the 1982 General Assembly established the Transportation Cabinet as the successor to the Department of Transportation and assumed all of the duties formerly associated with the department. In 1998, KRS 12.250 codified the Transportation Cabinet as a program cabinet.

The Transportation Cabinet, under KRS 12.250, is responsible for maintaining and improving transportation services in the Commonwealth. All modes of transportation are addressed by the Cabinet, including air transportation, railroads, waterways, public transit, and highways. The Secretary of Transportation, who is appointed by the Governor, heads the organization. The duties and responsibilities of the Cabinet are found in Titles XV and XVI of the Kentucky Revised Statutes.

The Cabinet receives funding from the state Road Fund, proceeds from bonds issued by the Kentucky Turnpike Authority, and federal aid apportionments for highways. Other revenue sources are agency receipts, non-highway federal aid, and the state General Fund. The revenue components of the Road Fund are the motor fuels tax, motor vehicle usage taxes, license and privilege taxes, toll road receipts, interest income, and miscellaneous departmental fees, permits, and sales.

Seven major budget units comprise the Transportation Cabinet: General Administration and Support, Air Transportation, Public Transportation, Revenue Sharing, Highways, Vehicle Regulation, and Debt Service. Organizationally, the agency is divided into five departments and fifteen offices. The departments, each headed by a commissioner directly responsible to the Secretary, are Administrative Services, Aviation, Vehicle Regulation, Intergovernmental Programs, and Highways. The remaining units are the Office of Public Affairs, the Office of Transportation Operations Center, the Office of Budget and Fiscal Management, the Office of Transportation Delivery, Office of Legal Services, the Office for Business and Occupational Development, the Office of Inspector General, the Office of Legislative and Intergovernmental Affairs, and the Office of Personnel Management. These units are responsible to the Office of Secretary. The Office of Program Planning and Management, the Office of Project Development, the Office of Construction and Operations, and the Office of Intermodal Programs report to the State Highway Engineer in the Department of Highways. The Office of Transportation Enhancements and the Office of Rural and Secondary Roads are responsible to the Commissioner of the Department of Interdepartmental Programs.

Policy

Senate Bill 39, adopted by the 2005 Regular Session of the General Assembly confirms Executive Orders 2004-724, 2004-960, 2004-1052, 2004-1202, and 2004-1360 authorizing the organizational units of the Transportation Cabinet identified above.

On January 19, 2005, the Consensus Forecasting Group established the Road Fund revenue estimate for the fiscal biennium 2004-2006. For fiscal year 2005, the estimate is \$1,119,702,900 and it is \$1,127,126,500 for fiscal year 2006. In addition, because the 2004 Regular Session of the General Assembly failed to adopt a biennial budget including a Road Fund Surplus Expenditure Plan, \$23,011,700 in Road Fund surplus from fiscal year 2004 was not appropriated for expenditure in fiscal year 2004-2005 at that time; in recognition of that fact, the Budget of the Commonwealth provides expenditure authority for fiscal year 2005 totaling \$1,142,714,600. Moreover, in the 2005 Session of the General Assembly, the Governor introduced a Road Fund Revenue Initiative as part of the biennial budget recommendation and the General Assembly adopted a portion of the initiative totaling \$28,842,700; as a result, the enacted budget provides Road Fund support totaling \$1,155,969,200 for fiscal year 2006.

Policy initiatives contained in the enacted budget include the issuance \$450 million in Turnpike Authority Economic Development bonds, of which \$300 million is dedicated to Six - Year Highway Plan projects and the remaining \$150 million is dedicated to the Revenue Sharing programs. The \$150 million in bonds authorized for the Revenue Sharing programs is divided among two units with \$100 million authorized for the County Road Aid program and \$50 million dedicated to the Municipal Road Aid program. In addition to the \$450 million issue, the General Assembly authorized \$150 million in Grant Anticipation Revenue Vehicle bonds (GARVEE) to support reconstruction and major widening of interstate I-64, I-65, and I-75, with the debt service supported by federal highway funds.

The enacted budget also provides for the usage of Toll Credits to match federal highway funds and authorizes the continuation of the Cash Management program initially adopted by the 2000 Session of the General Assembly and renewed subsequently.

The Budget of the Commonwealth provides expenditure authority to the following program areas:

	Fiscal Year 2005	Fiscal Year 2006
Beginning Balance	0	0
Revenue Estimate: January 19, 2005	1,119,702,900	1,127,126,500
Non-Revenue Receipts	0	0
FY 2004 Surplus	23,011,700	0
Road Fund Revenue Initiative	0	28,842,700
	<hr/>	<hr/>
Total Available Road Fund	1,142,714,600	1,155,969,200
Operating Budget		
Transportation Cabinet	1,071,098,900	1,104,022,100
Justice & Public Safety Cabinet	52,465,700	42,768,100
Finance and Administration Cabinet	4,756,000	4,331,000
Kentucky State Treasurer	250,000	250,000
Homeland Security	350,000	350,000
Capital Budget		
Transportation Cabinet	13,794,000	4,248,000
	<hr/>	<hr/>
Total Road Fund Appropriations	1,142,714,600	1,155,969,200

**Transportation Cabinet
General Administration and Support**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Restricted Funds				
Balance Forward	1,309,400	604,800	11,699,800	4,695,200
Current Receipts	23,886,000	23,886,000	23,602,600	23,937,200
Fund Transfers	-5,000,000		-5,000,000	-2,500,000
Total Restricted Funds	20,195,400	24,490,800	30,302,400	26,132,400
Road Fund				
Regular Appropriation	71,868,200	73,928,100	64,956,100	66,530,000
Total Road Fund	71,868,200	73,928,100	64,956,100	66,530,000
TOTAL SOURCE OF FUNDS	92,063,600	98,418,900	95,258,500	92,662,400
EXPENDITURES BY CLASS				
Personnel Cost	33,853,100	36,016,000	30,078,700	31,030,600
Operating Expenses	43,698,200	43,712,900	40,179,300	41,125,100
Grants, Loans or Benefits	29,000	29,000	29,000	29,000
Debt Service	7,317,300	7,328,100	7,317,300	7,328,100
Capital Outlay	11,488,600	11,260,300	12,886,400	12,486,600
Construction	72,600	72,600	72,600	72,600
TOTAL EXPENDITURES	96,458,800	98,418,900	90,563,300	92,072,000
EXPENDITURES BY FUND SOURCE				
Restricted Funds	24,590,600	24,490,800	25,607,200	25,542,000
Road Fund	71,868,200	73,928,100	64,956,100	66,530,000
TOTAL EXPENDITURES	96,458,800	98,418,900	90,563,300	92,072,000
EXPENDITURES BY UNIT				
Secretary	22,383,400	23,533,400	19,432,900	19,651,000
Administrative Services	74,075,400	74,885,500	71,130,400	72,421,000
TOTAL EXPENDITURES	96,458,800	98,418,900	90,563,300	92,072,000

The General Administration and Support appropriation unit provides management and administrative capabilities, policymaking, and efficient day-to-day operations. This unit includes the Office of Secretary, the Department of Administrative Services, and ten offices.

The Office of Secretary encompasses the Office of the Secretary of Transportation, the Office of Budget and Fiscal Management, the Office for Business and Occupational Development, the Office of Legal Services, the Office of Public Affairs, the Office of Transportation Delivery, the Office of the Transportation Operations Center, the Office of Inspector General, the Office of Legislative and Intergovernmental Affairs, and the Office of Personnel Management. These units provide leadership, management, and staff support to the Transportation Cabinet and provide the Secretary the managerial tools necessary to operate the Cabinet. The Office of the Secretary is the central point of contact with the general public and external organizations. The Office of Budget and Fiscal Management manages the planning and use of the Cabinet's financial resources. The Office of Business and Occupational Development conducts programs to provide women and minorities an equal opportunity for employment and to compete for highway construction contracts. The Office of Legal Services provides the agency with the required legal representation before administrative boards and all levels of the court system. The Office of Public Affairs is responsible for the Cabinet's communications with employees, the news media, and the general public. The Office of Transportation Delivery facilitates transportation services for the Non-Emergency Medical Transportation program, the Vocational Rehabilitation program, and the Department for the Blind Transportation Services program. The Office of the Transportation Operations Center serves as the clearinghouse for transportation operations including traffic and travel information, and emergency response coordination. The Office of Inspector General is to provide the Cabinet

a mechanism for both employees and Kentuckians to report incidences of wrongdoing regarding the Cabinet's service. The Office of Legislative and Intergovernmental Affairs is responsible for drafting legislation and acts as the Cabinet's liaison with the General Assembly. The Office of Personnel Management is responsible for the Cabinet's human resources policies and personnel utilization and development programs.

The Department of Administrative Services includes Administration, Toll Facilities, Property and Supply Services, Fleet Management, Purchases, and Technology. The Administration program area is directed by the Commissioner of Administrative Services to perform the administrative functions of the Cabinet and implement policies and programs as set forth by the Secretary. The Toll Facilities Division operates the collection facilities on toll roads. The Division of Property and Supply Services provide the supplies and equipment needed to operate the Cabinet's offices, laboratories, and garages. This Division maintains the Cabinet's real property, which totals some 1,100 buildings located throughout the state. Debt service on the new transportation office building and parking garage in Frankfort is included in the Division's budget. The Division of Fleet Management operates the statewide Motor Pool, the passenger vehicles used by all state agencies. The Division of Purchases procures commodities and services for the Cabinet and coordinates the administrative processes with other divisions relating to procurement activities. The Division of Technology is responsible for all information technology functions within the Cabinet and serves as the Cabinet's liaison with the Commonwealth Office of Technology.

Policy

The Department of Administrative Services, Division of Property and Supply, is the unit responsible for the Road Fund debt service on the Transportation Cabinet Office Building and Parking Structure. The enacted budget provides Road Fund debt service for the building and parking structure totaling \$7,317,300 in fiscal year 2005 and \$7,328,100 in fiscal year 2006.

Transportation Cabinet

Aviation

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Restricted Funds				
Balance Forward	100,000	100,000	3,562,100	2,400,000
Current Receipts	5,500,000	5,500,000	5,500,000	5,500,000
Total Restricted Funds	5,600,000	5,600,000	9,062,100	7,900,000
Federal Funds				
Current Receipts	15,000	9,700	15,000	15,000
Total Federal Funds	15,000	9,700	15,000	15,000
TOTAL SOURCE OF FUNDS	5,615,000	5,609,700	9,077,100	7,915,000
EXPENDITURES BY CLASS				
Personnel Cost	656,200	702,400	652,700	687,900
Operating Expenses	270,400	277,700	264,700	264,700
Grants, Loans or Benefits	4,588,400	4,529,600	5,759,700	4,828,400
Debt Service				234,000
TOTAL EXPENDITURES	5,515,000	5,509,700	6,677,100	6,015,000
EXPENDITURES BY FUND SOURCE				
Restricted Funds	5,500,000	5,500,000	6,662,100	6,000,000
Federal Funds	15,000	9,700	15,000	15,000
TOTAL EXPENDITURES	5,515,000	5,509,700	6,677,100	6,015,000
EXPENDITURES BY UNIT				
Air Regulatory	85,500	84,200	85,500	89,500
Air Development	5,429,500	5,425,500	6,591,600	5,925,500
TOTAL EXPENDITURES	5,515,000	5,509,700	6,677,100	6,015,000

In accordance with KRS Chapter 183, the Transportation Cabinet supports the Commonwealth's Aviation program. There are two programs within the Aviation unit, the Air Regulatory program and the Airport Development program. The Air Regulatory program is responsible for inspecting and determining the safety and efficiency of approximately 150 airport and heliport facilities in the state. Pursuant to KRS 183.861, the Kentucky Airport Zoning Commission protects the navigable airspace within the state by evaluating applications for construction, issuing permits and maintaining updated airport zoning maps. The Commission is attached to the Air Regulatory Program for administrative purposes.

The Airport Development program provides for administration, planning and management of airport construction, and maintenance of local airports. Airport Development also provides technical and financial assistance to the state's 57 publicly owned airports, including updating and distributing the state aeronautical charts and airport directories.

KRS 183.525 provides the funding authority to operate the Aviation program. Since July 2000, the Sales and Use tax collected from the sale of aviation jet fuel funds the operation.

Policy

The Budget of the Commonwealth suspends the provisions of KRS 183.525(5) during the 2004-2006 biennium. Therefore, funds accruing to the Kentucky Aviation Economic Development Fund may support the administrative and operating costs of the Aviation program.

The enacted budget provides \$234,000 in fiscal year 2006 that shall be transferred to the Economic Development Cabinet to support initial payment on the debt service on a \$5 million Airport Relocation Assistance bond issue for Louisville.

**Transportation Cabinet
Public Transportation**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	6,859,900	6,896,500	5,203,400	5,203,400
Continuing Appropriation			606,600	
Total General Fund	6,859,900	6,896,500	5,810,000	5,203,400
Restricted Funds				
Current Receipts	500,000	525,000	500,000	508,900
Total Restricted Funds	500,000	525,000	500,000	508,900
Federal Funds				
Current Receipts	27,227,600	27,230,900	27,227,600	27,230,900
Total Federal Funds	27,227,600	27,230,900	27,227,600	27,230,900
TOTAL SOURCE OF FUNDS	34,587,500	34,652,400	33,537,600	32,943,200
EXPENDITURES BY CLASS				
Personnel Cost	1,776,300	1,882,300	1,339,200	1,359,100
Operating Expenses	121,000	112,100	127,000	127,000
Grants, Loans or Benefits	32,690,200	32,658,000	32,071,400	31,457,100
TOTAL EXPENDITURES	34,587,500	34,652,400	33,537,600	32,943,200
EXPENDITURES BY FUND SOURCE				
General Fund	6,859,900	6,896,500	5,810,000	5,203,400
Restricted Funds	500,000	525,000	500,000	508,900
Federal Funds	27,227,600	27,230,900	27,227,600	27,230,900
TOTAL EXPENDITURES	34,587,500	34,652,400	33,537,600	32,943,200
EXPENDITURES BY UNIT				
Public Transportation	33,126,400	33,129,700	32,454,800	31,851,500
Multi-Modal Transportation	961,100	997,700	582,800	582,800
Human Services Delivery	500,000	525,000	500,000	508,900
TOTAL EXPENDITURES	34,587,500	34,652,400	33,537,600	32,943,200

The three programs operating within Public Transportation are Public Transportation, Multi-Modal, and Human Services Transportation Delivery. The Public Transportation program offers technical and financial assistance to public transportation providers and the Metropolitan Planning Organizations throughout the state through the federal programs: Sections 5303, 5309, 5310, and 5311. Federal funds, combined with General Fund, restricted funds, and local matching funds, allow public transit authorities to acquire buses and vans.

The Multi-Modal program assures that environmental, energy, safety, and economic impacts are considered in transportation decisions. Multi-Modal responsibilities include statewide rail planning, ferry operations, park and ride planning, bicycle and pedestrian planning and implementation. The Multi-Modal program acquired the additional responsibility of statewide rail activities when Kentucky voters abolished the Railroad Commission by a constitutional amendment in 2000. These responsibilities include regulating rail carriers operating on 2,800 miles of track.

The Human Service Transportation Delivery program is a partnership of the Transportation Cabinet, the Medicaid program, the Office for Vocational Rehabilitation, and the Office for the Blind. This partnership provides non-emergency medical transportation; jobs access transportation, and transportation to day care facilities.

Policy

The Budget of the Commonwealth provides \$2,950,000 in both fiscal year 2005 and fiscal year 2006 to support the non-public school transportation program.

The enacted budget provides Toll Credits to match federal funds for transit system's capital grants. Toll Credits are credits earned by states that construct state roads with state dollars to federal interstate specifications. Kentucky's toll roads are built to interstate specifications. Toll Credits substitute for actual cash required to match federal funds.

**Transportation Cabinet
Revenue Sharing**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Road Fund				
Regular Appropriation	227,623,500	231,301,300	236,928,500	229,080,600
Total Road Fund	227,623,500	231,301,300	236,928,500	229,080,600
Highway Bonds				
Highway Bonds			150,000,000	
Total Highway Bonds			150,000,000	
TOTAL SOURCE OF FUNDS	227,623,500	231,301,300	386,928,500	229,080,600
EXPENDITURES BY CLASS				
Personnel Cost	18,242,100	19,703,300	17,037,500	17,058,200
Operating Expenses	29,774,800	29,099,900	29,774,800	29,099,900
Grants, Loans or Benefits	122,690,500	124,675,700	277,693,600	123,477,800
Construction	56,916,100	57,822,400	62,422,600	59,444,700
TOTAL EXPENDITURES	227,623,500	231,301,300	386,928,500	229,080,600
EXPENDITURES BY FUND SOURCE				
Road Fund	227,623,500	231,301,300	236,928,500	229,080,600
Highway Bonds			150,000,000	
TOTAL EXPENDITURES	227,623,500	231,301,300	386,928,500	229,080,600
EXPENDITURES BY UNIT				
County Road Aid	86,165,600	87,565,600	189,687,000	86,722,400
Rural Secondary	104,528,900	106,227,200	108,800,800	105,204,400
Municipal Aid	36,255,500	36,844,500	87,737,200	36,489,800
Energy Recovery	673,500	664,000	703,500	664,000
TOTAL EXPENDITURES	227,623,500	231,301,300	386,928,500	229,080,600

There are four components of the Revenue Sharing program: County Road Aid program, authorized by KRS 179.410-179.415; the Rural Secondary Aid program, authorized by KRS 177.320; the Municipal Road Aid program, authorized by KRS 177.365; and the Energy Recovery Road Fund program, authorized by KRS 177.977-177.990. Funding for each program is based on the amount of certain taxes or fees collected.

The County Road Aid program and Rural Secondary Aid program receive a portion of the state's motor fuels tax collections. The County Road Aid program receives 18.3 percent of motor fuels taxes. The County Road Aid program includes all of Kentucky's counties, municipalities, and qualified unincorporated urban areas. The Rural Secondary Aid program receives 22.2 percent of motor fuels taxes. These funds are used to repair and maintain rural and secondary roads. Funds for both programs are allocated through a formula known as the "formula of fifths," as stated in KRS 177.360. Each county receives a portion of the statewide total as follows: one-fifth is divided evenly among all counties, one-fifth is divided proportionately based on the amount of rural population in each county, one-fifth is distributed on the basis of rural road mileage in each county, and two-fifths is apportioned according to each county's share of the total land area in the state.

The Municipal Road Aid program is funded by 7.7 percent of motor fuels tax collections. Distribution is made through a formula based upon the population contained in each city or unincorporated urban area.

Forty percent of the revenues collected from extended vehicle weight fees support the Energy Recovery Road System. Funds are distributed to the counties for the county-maintained portion of that system. The fund distribution is based on (1) the ratio of miles of roads in each county within this system to the total system miles, and (2) the ratio of the total tons of coal transported over the roads in each county to the total tons reported. The Transportation Cabinet has the authority to expend the remaining 60 percent on the roads in the system.

Policy

The enacted budget provides \$150 million in highway bonds to be issued in fiscal year 2005 to support the County Road Aid program and the Municipal Road Aid program. \$100 million of the bonded authority is provided to the County Road Aid program and \$50 million of the bonded authority is provided to the Municipal Road Aid program. One half of the bond proceeds will be distributed to the local governments on the formula basis currently in statutes. The other one half of the issue will be made available to local governments on an application basis determined by the Transportation Cabinet.

The enacted budget codified a 1 cent per gallon motor fuel tax adjustment resulting from the increase in the average wholesale price of fuels triggered by the provisions of KRS 138.210(10)(b). Additionally, the 1 cent fuels tax will, effective July 1, 2005, be deposited into the Road Fund and will be appropriated in the Debt Service appropriation unit to support the debt service on the aforementioned \$150 million bond issue.

The Department of Intergovernmental Programs, ratified by the adoption of Senate Bill 39 in the 2005 Regular Session of the General Assembly, is the administrative unit which oversees the Revenue Sharing programs. In addition to coordinating the Revenue Sharing programs, the unit now assumes the duties of administering the Cabinet's Transportation Enhancement program. The Enhancement program is charged with historic preservation and beautification of the Commonwealth's highways, historic transportation facilities, and bikeway projects.

The Budget of the Commonwealth provides for funding to the Kentucky Transportation Center to be increased \$100,000 above that provided in KRS 177.320(4). This funding is drawn from the Revenue Sharing programs in the same proportions as the Motor Fuel Tax receipts are statutorily dedicated to those programs. The appropriation to the Kentucky Transportation Center is contained in the Department of Highways Research program.

Transportation Cabinet

Highways

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Restricted Funds				
Balance Forward	102,900	102,900	102,900	102,900
Current Receipts	64,618,000	65,657,300	213,858,800	64,222,100
Total Restricted Funds	64,720,900	65,760,200	213,961,700	64,325,000
Federal Funds				
Current Receipts	542,974,700	543,579,000	587,000,000	587,000,000
Total Federal Funds	542,974,700	543,579,000	587,000,000	587,000,000
Road Fund				
Regular Appropriation	647,020,800	664,083,200	637,266,800	625,672,600
Total Road Fund	647,020,800	664,083,200	637,266,800	625,672,600
Highway Bonds				
Highway Bonds			300,000,000	
Total Highway Bonds			300,000,000	
TOTAL SOURCE OF FUNDS	1,254,716,400	1,273,422,400	1,738,228,500	1,276,997,600
EXPENDITURES BY CLASS				
Personnel Cost	346,865,300	365,668,800	332,119,800	338,582,600
Operating Expenses	163,112,800	163,127,800	156,878,100	158,616,400
Debt Service	354,100	88,600		18,234,000
Construction	744,281,300	744,434,300	1,249,127,700	761,461,700
TOTAL EXPENDITURES	1,254,613,500	1,273,319,500	1,738,125,600	1,276,894,700
EXPENDITURES BY FUND SOURCE				
Restricted Funds	64,618,000	65,657,300	213,858,800	64,222,100
Federal Funds	542,974,700	543,579,000	587,000,000	587,000,000
Road Fund	647,020,800	664,083,200	637,266,800	625,672,600
Highway Bonds			300,000,000	
TOTAL EXPENDITURES	1,254,613,500	1,273,319,500	1,738,125,600	1,276,894,700
EXPENDITURES BY UNIT				
Research	3,803,900	4,029,500	3,903,900	4,029,500
Construction	908,627,100	914,487,200	1,408,141,200	938,758,700
Maintenance	257,559,200	265,955,500	243,747,000	248,679,000
Engineering Administration	10,040,800	10,939,200	10,528,500	12,410,700
Planning	13,568,100	14,114,300	13,030,000	13,236,300
Highway Operations	23,751,400	25,556,600	22,271,200	22,978,500
Equipment Services	37,263,000	38,237,200	36,503,800	36,802,000
TOTAL EXPENDITURES	1,254,613,500	1,273,319,500	1,738,125,600	1,276,894,700

The Highways appropriation unit is the largest program in the Transportation Cabinet. There are seven programs in the Department of Highways: Research, Construction, Maintenance, Engineering Administration, Highway Planning, Highway Operations, and Equipment Services. The Construction program is divided into three subprograms: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

The Department of Highways is responsible for the construction, reconstruction, and maintenance of the State Primary Road System through authority granted by KRS 177.020. The Department is headed by a Commissioner who is appointed by the Governor on recommendation of the Secretary of Transportation. This agency administers all of the programs within the Highways appropriation unit.

Motor vehicles travel over 46 billion miles per year on approximately 79,000 miles of Kentucky's roads and streets. The State Primary Road System carries about 85 percent of all traffic. This network consists of approximately 27,500 miles of interstate highways, resource recovery roads, parkways, economic development roads, primary, secondary, rural, and unclassified roads, and approximately 9,000 state maintained bridges. Kentucky's interstate system, consisting of 762 miles, carries 25 percent of all travel.

Transportation Cabinet

Highways

Research

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Federal Funds				
Current Receipts	2,677,900	2,860,000	2,677,900	2,860,000
Total Federal Funds	2,677,900	2,860,000	2,677,900	2,860,000
Road Fund				
Regular Appropriation	1,126,000	1,169,500	1,226,000	1,169,500
Total Road Fund	1,126,000	1,169,500	1,226,000	1,169,500
TOTAL SOURCE OF FUNDS	3,803,900	4,029,500	3,903,900	4,029,500
EXPENDITURES BY CLASS				
Personnel Cost	3,513,900	3,739,500	3,513,900	3,739,500
Operating Expenses	290,000	290,000	390,000	290,000
TOTAL EXPENDITURES	3,803,900	4,029,500	3,903,900	4,029,500
EXPENDITURES BY FUND SOURCE				
Federal Funds	2,677,900	2,860,000	2,677,900	2,860,000
Road Fund	1,126,000	1,169,500	1,226,000	1,169,500
TOTAL EXPENDITURES	3,803,900	4,029,500	3,903,900	4,029,500

The Research program is primarily a problem-solving service available to the Department of Highways. The program provides studies of traffic safety and operations, pavement mechanics and performance, materials characteristics and behavior, and transportation policies. The Research function is mandated by the Commonwealth's use of federal highway funds in accordance with Title 23 of the Federal Code. The Transportation Cabinet partners with the University of Kentucky Transportation Center to carry out research functions. The partnership conducts workshops on highway maintenance and management; publishes newsletters; provides technical assistance; and maintains a lending library, including both written and audio-visual materials.

The Research program funds the Kentucky Transportation Center at one-tenth of one percent of the motor fuels tax collections, not to exceed \$190,000 per year from the State Road Fund. An additional \$100,000 per year from the Revenue Sharing appropriation unit is transferred to the Kentucky Transportation Center.

Policy

The Budget of the Commonwealth provides for a \$100,000 transfer each fiscal year from the Revenue Sharing program to fund the Kentucky Transportation Center at the annual rate of \$290,000.

Transportation Cabinet
Highways
Construction

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Restricted Funds				
Current Receipts	24,000,000	24,000,000	174,000,000	24,000,000
Total Restricted Funds	24,000,000	24,000,000	174,000,000	24,000,000
Federal Funds				
Current Receipts	530,000,000	530,000,000	574,307,300	574,023,300
Total Federal Funds	530,000,000	530,000,000	574,307,300	574,023,300
Road Fund				
Regular Appropriation	354,627,100	360,487,200	359,833,900	340,735,400
Total Road Fund	354,627,100	360,487,200	359,833,900	340,735,400
Highway Bonds				
Highway Bonds			300,000,000	
Total Highway Bonds			300,000,000	
TOTAL SOURCE OF FUNDS	908,627,100	914,487,200	1,408,141,200	938,758,700
EXPENDITURES BY CLASS				
Personnel Cost	164,888,900	170,546,500	159,556,600	159,556,600
Operating Expenses	11,434,500	11,434,500	11,434,500	11,434,500
Debt Service				18,234,000
Construction	732,303,700	732,506,200	1,237,150,100	749,533,600
TOTAL EXPENDITURES	908,627,100	914,487,200	1,408,141,200	938,758,700
EXPENDITURES BY FUND SOURCE				
Restricted Funds	24,000,000	24,000,000	174,000,000	24,000,000
Federal Funds	530,000,000	530,000,000	574,307,300	574,023,300
Road Fund	354,627,100	360,487,200	359,833,900	340,735,400
Highway Bonds			300,000,000	
TOTAL EXPENDITURES	908,627,100	914,487,200	1,408,141,200	938,758,700
EXPENDITURES BY UNIT				
Bond Funded Construction			300,000,000	
State Funded Construction	358,627,100	364,487,200	363,833,900	344,735,400
Federal Funded Construction	550,000,000	550,000,000	744,307,300	594,023,300
TOTAL EXPENDITURES	908,627,100	914,487,200	1,408,141,200	938,758,700

The Construction program is the largest single funding component within the Highways appropriation unit. It encompasses all construction and major reconstruction of roadways in the State Primary Road System. The Construction Program is divided into three sub-programs: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

Several different road systems constructed in the Commonwealth over the last 40 years have used Bond Funded Construction. General Obligation Bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky sold revenue bonds to fund construction of the Toll Road System that crisscrosses the state. Resource Recovery Bonds were sold in the late 1970's for construction of the Resource Recovery Road System, a network of highways over which coal resources could be efficiently hauled. The Turnpike Authority sold bonds in 1984, 1987, 1990, 1993, 1995, and 1999 and most recently 2005 for projects identified as part of the Economic Development Road System. All of the roads constructed using proceeds from Turnpike Authority bonds are built by the Cabinet on behalf of the Authority, and then are leased to the Cabinet until the bonds are retired. At that time they are transferred to the Cabinet and become a part of the state highway system.

State Funded Construction provides for many highway improvement needs, emergency needs, industrial access roads, parkway and primary road pavement rehabilitation, and other projects for which federal funding is not available. The state resurfacing program is a part of this sub-program area and provides for resurfacing of roads in the state maintained highway system.

The Federal Construction program addresses the major construction, reconstruction, and rehabilitation needs for nearly 12,000 miles of interstate, primary, secondary, urban systems, and Appalachian routes across the state. This funding is provided under Titles 23 and 40 of the US Code.

Policy

The Budget of the Commonwealth provides continuing Road Fund support for state resurfacing projects, specialized contracts, and the Highway Construction Contingency Account. The enacted budget also provides Road Fund support for state construction projects in the 2004 - 2006 Biennial Highway Construction program.

The Budget of the Commonwealth provides no Road Fund support to the Federally Funded Construction program. Instead, the enacted budget anticipates using Toll Credits in lieu of the cash (Road Fund) match for federally funded projects. Toll credits are credits earned by a state for building roads to interstate specifications and paid for with state dollars. Kentucky's toll roads were built to interstate specifications and paid for with state funds, thereby allowing Kentucky to earn Toll Credits.

The enacted budget authorizes the Secretary of Transportation to continue the Cash Management program, formerly known as the Pre-financing Road Projects program previously authorized in the 2000-2002 and 2002-2004 Appropriations Acts. Since its inception, the Cash Management program has expedited projects in the Biennial Highway Construction Plan by managing Road Fund cash, while ensuring that project and fund balances are sufficient to satisfy expenditures within the appropriations enacted.

The enacted budget provides for Grant Anticipation Revenue Vehicle (GARVEE) bonds totaling \$150,000,000 in fiscal year 2005. GARVEE bonds are a financing mechanism authorized by the federal government, which allow a state to issue bonds for eligible federal aid projects and to use federal funds to pay the debt service. Debt service on the bonds will be paid from federal highway funds in the Federally Funded Construction program. The debt service is projected to be \$18,234,000 in fiscal year 2006. These funds will be "direct" GARVEE bonds and will be used on interstate projects including I-64, I-75, and I-65.

Transportation Cabinet

**Highways
Maintenance**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Restricted Funds				
Current Receipts	3,355,000	3,420,100	3,355,000	3,420,100
Total Restricted Funds	3,355,000	3,420,100	3,355,000	3,420,100
Road Fund				
Regular Appropriation	254,204,200	262,535,400	240,392,000	245,258,900
Total Road Fund	254,204,200	262,535,400	240,392,000	245,258,900
TOTAL SOURCE OF FUNDS	257,559,200	265,955,500	243,747,000	248,679,000
EXPENDITURES BY CLASS				
Personnel Cost	119,343,300	128,039,600	111,979,100	115,183,200
Operating Expenses	136,126,200	136,126,200	129,678,200	131,706,100
Construction	2,089,700	1,789,700	2,089,700	1,789,700
TOTAL EXPENDITURES	257,559,200	265,955,500	243,747,000	248,679,000
EXPENDITURES BY FUND SOURCE				
Restricted Funds	3,355,000	3,420,100	3,355,000	3,420,100
Road Fund	254,204,200	262,535,400	240,392,000	245,258,900
TOTAL EXPENDITURES	257,559,200	265,955,500	243,747,000	248,679,000

Kentucky has invested approximately \$15 billion in highway infrastructure that comprises right-of-way, roadways, and bridges. KRS 176.050 assigns the responsibility for operating and maintaining this highway infrastructure to the Department of Highways. The Maintenance program's role is to operate and maintain the roadways, bridges, rest areas, and traffic control devices on all state-maintained highways. Two organizational units, the Division of Maintenance and the Division of Traffic Operations, administer this program.

The Division of Maintenance responsibilities are broken down into the following four primary categories:

- (1) Roadway Maintenance Program personnel in the twelve Highway Districts maintain 14,613 miles of state primary highways and 12,841 miles of rural secondary highways.
- (2) Pavement and Operations Management personnel inspect and evaluate pavement conditions on 27,454 miles of state-maintained roads, determine strategies for improvement, estimate funding needs, and recommend annual priorities.
- (3) The Bridge Maintenance Program is responsible for all state-maintained bridges, except those on the Rural Secondary system. Kentucky has 6,155 bridges of which 28 are Ohio River crossings and 113 are in-state bridges greater than 1,000 feet, over major lakes and rivers.
- (4) The Rest Area Operations/Maintenance Program provides sanitary and accessible restroom facilities and other convenience services for motorists traveling through the state. There are 28 rest area and welcome center locations and two truck rest haven locations operated and maintained through contracts with nonprofit agencies that hire and train individuals with disabilities. The remaining seven locations are operated and maintained by Cabinet personnel. All of the facilities are open 24 hours per day, seven days per week. The Department for the Blind maintains the vending operations at 10 locations, and the remaining vending operations are maintained by Cabinet personnel or by contractors.

The Division of Traffic Operations is responsible for the installation and maintenance of traffic control devices on over 27,000 miles of highways. This unit also maintains a traffic accident surveillance program with the objective of identifying locations having an abnormally high accident rate. The duties of this unit are set out in KRS 176.050, KRS 177.020, KRS 177.830-890, and KRS 177.905-990.

Policy

The Budget of the Commonwealth continues Road Fund support in fiscal year 2005 and fiscal year 2006 for several facets of the Maintenance program including: guardrail replacement and new installation, roadway slide repair, tree and brush removal, pavement repairs, contract bridge repair, ditching, and site mitigation.

A fund substitution is included in the enacted budget for the Traffic Response and Incident Management Assisting the River Cities (TRIMARC) as a result of the time-limited federal funds in the TEA-21, Congestion Mitigation and Air Quality Improvement (CMAQ) program. The enacted budget provides Road Fund support totaling \$1,953,100 in fiscal year 2005 and \$2,148,400 in fiscal year 2006. Additionally, restricted funds are also provided totaling \$651,000 in fiscal year 2005 and \$716,100 in fiscal year 2006. The state of Indiana has partnered with Kentucky to operate the facility resulting in the restricted fund support.

The enacted budget provides a fund substitution for the Advanced Regional Traffic Interactive Management Information System (ARTIMIS) as a result of the time-limited federal funds in the TEA-21, Congestion Mitigation and Air Quality Improvement (CMAQ) program. Road Fund support of \$1,500,000 is provided in each year of the biennium.

**Transportation Cabinet
Highways
Engineering Administration**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Road Fund				
Regular Appropriation	10,040,800	10,939,200	10,528,500	12,410,700
Total Road Fund	10,040,800	10,939,200	10,528,500	12,410,700
TOTAL SOURCE OF FUNDS	10,040,800	10,939,200	10,528,500	12,410,700
EXPENDITURES BY CLASS				
Personnel Cost	11,450,700	12,349,100	11,924,200	13,820,600
Operating Expenses	1,385,500	1,385,500	1,399,700	1,385,500
Construction	-2,795,400	-2,795,400	-2,795,400	-2,795,400
TOTAL EXPENDITURES	10,040,800	10,939,200	10,528,500	12,410,700
EXPENDITURES BY FUND SOURCE				
Road Fund	10,040,800	10,939,200	10,528,500	12,410,700
TOTAL EXPENDITURES	10,040,800	10,939,200	10,528,500	12,410,700

There are nine divisions organized under the State Highway Engineer's Office:

(1) The Division of Construction supervises highway construction projects, providing administrative support for central office and district construction projects. It also assists Division of Materials staff in sampling and testing materials used in construction projects.

(2) The Division of Materials establishes standards and controls relating to the quality of materials for the construction, maintenance, and operation of highways and bridges. The Division performs soil and geological engineering required for the design, construction, and maintenance of roads and bridges.

(3) The Division of Bridge Design develops and prepares contract plans for all highway structures, as well as any special structures that the Transportation Cabinet builds as part of Kentucky's system of roads. The Division is also responsible for overseeing the County Bridge Replacement Program, which replaces bridges on locally maintained roadways of less than 13-ton load capacity and less than 100 feet in length.

(4) The Division of Highway Design, in conjunction with the District Design Offices, is responsible for the required design activities of the Cabinet's Six-Year Plan projects, including the preparation, assembly and reproduction of construction plans for a project's award.

(5) The Division of Professional Services advertises for engineering services, administers the Cabinet's prequalification process for consultant engineering services, and contracts with consulting engineers.

(6) The Division of Environmental Analysis ensures the Cabinet is compliant with environmental laws and regulations.

(7) The Division of Right of Way and Utilities acquires property required for the construction and reconstruction of highways. This function involves obtaining title reports, performing appraisals and appraisal reviews, conducting negotiations, providing relocation assistance, facilitating property management, and initiating condemnation procedures on properties affected by proposed projects.

(8) The Division of Program Management is responsible for developing Kentucky's Biennial Six-Year Highway Plan.

(9) The Division of Planning provides the day-to-day administration and support for personnel involved in the Highway Planning Program activities, including management, clerical support, training, and other overhead expenditures.

Transportation Cabinet

**Highways
Planning**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Federal Funds				
Current Receipts	10,296,800	10,719,000	10,014,800	10,116,700
Total Federal Funds	10,296,800	10,719,000	10,014,800	10,116,700
Road Fund				
Regular Appropriation	3,271,300	3,395,300	3,015,200	3,119,600
Total Road Fund	3,271,300	3,395,300	3,015,200	3,119,600
TOTAL SOURCE OF FUNDS	13,568,100	14,114,300	13,030,000	13,236,300
EXPENDITURES BY CLASS				
Personnel Cost	12,800,400	13,346,600	12,437,300	12,643,600
Operating Expenses	767,700	767,700	592,700	592,700
TOTAL EXPENDITURES	13,568,100	14,114,300	13,030,000	13,236,300
EXPENDITURES BY FUND SOURCE				
Federal Funds	10,296,800	10,719,000	10,014,800	10,116,700
Road Fund	3,271,300	3,395,300	3,015,200	3,119,600
TOTAL EXPENDITURES	13,568,100	14,114,300	13,030,000	13,236,300

The Division of Planning provides administrative, clerical and technical support and implements transportation planning activities statewide. It also coordinates statewide rail planning, carpooling, alternative fuel, bikeway, pedway, and ferry operations.

Highway Planning evaluates state-maintained streets and highways to ensure that available federal and state funds are utilized to maximum efficiency. In cooperation with the Area Development Districts, it acquires roadway centerline locations and associated data for all public roads in Kentucky. It maintains an inventory of all roadway classifications and prepares city, county, and state road maps for distribution. The program also furnishes statistics required by the Federal Highway Administration and state and local government decision-makers.

Metropolitan Planning maintains and distributes federal funding to nine Metropolitan Planning Organizations (MPOs) to implement continuing, comprehensive, and cooperative (3C) planning process, which is mandated by federal law. The MPOs study the impact of transportation operations in urbanized areas concerning congestion management, air quality, environmental issues, public involvement, land use and development, and public transportation.

Area Development Districts (ADD) Assistance administers a regional planning and public participation process in the state's 15 Area Development Districts as part of the Cabinet's overall statewide transportation planning process, as required by 23 USC and 23 CFR 450. The Cabinet contracts with each ADD for activities in support of the regional and statewide planning process, including public involvement, data collection, analysis, identification of needs, project recommendations, regional prioritization of projects, and technical assistance and review.

Policy

Both federal funds and Road Fund-supported match are included in the enacted budget in anticipation of the federal highway reauthorization act by Congress.

**Transportation Cabinet
Highways
Highway Operations**

	<u>Requested FY 2005</u>	<u>Requested FY 2006</u>	<u>Enacted FY 2005</u>	<u>Enacted FY 2006</u>
SOURCE OF FUNDS				
Road Fund				
Regular Appropriation	23,751,400	25,556,600	22,271,200	22,978,500
Total Road Fund	<u>23,751,400</u>	<u>25,556,600</u>	<u>22,271,200</u>	<u>22,978,500</u>
TOTAL SOURCE OF FUNDS	23,751,400	25,556,600	22,271,200	22,978,500
EXPENDITURES BY CLASS				
Personnel Cost	22,311,200	24,116,400	20,911,000	21,543,200
Operating Expenses	1,440,200	1,440,200	1,360,200	1,435,300
TOTAL EXPENDITURES	<u>23,751,400</u>	<u>25,556,600</u>	<u>22,271,200</u>	<u>22,978,500</u>
EXPENDITURES BY FUND SOURCE				
Road Fund	23,751,400	25,556,600	22,271,200	22,978,500
TOTAL EXPENDITURES	<u>23,751,400</u>	<u>25,556,600</u>	<u>22,271,200</u>	<u>22,978,500</u>

In accordance with KRS Chapter 176, this program provides leadership, management, and central administrative support and funding for central office and district operations for the Transportation Cabinet's Department of Highways. The Commissioner of Highways administers the Department, which governs the State Highway Engineer's Office, 14 divisions, and 12 district offices. In the 12 district offices, the District Highway Operations Office manages the road project functions and reports to the State Highway Engineer.

The State Highway Engineer's Office manages and coordinates the engineering functions of the Cabinet, reviewing management, engineering, and personnel reports and recommendations from the engineering and professional divisions, staff and Deputy State Highway Engineers. In addition, the Office administers the Cabinet's Engineering Scholarship Program and the Engineering Graduate Training Program, coordinates the Research Program and manages special projects, such as the Louisville Bridges projects.

Contract procurement activities are also a part of the Highway Operations program and include prequalifying road contractors, advertising bids for road construction projects, awarding contracts, and issuing work orders and monitoring required contract provisions.

Policy

Road Fund support to maintain the Engineering Scholarship program is included in the Budget of the Commonwealth.

**Transportation Cabinet
Highways
Equipment Services**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Restricted Funds				
Balance Forward	102,900	102,900	102,900	102,900
Current Receipts	37,263,000	38,237,200	36,503,800	36,802,000
Total Restricted Funds	37,365,900	38,340,100	36,606,700	36,904,900
TOTAL SOURCE OF FUNDS	37,365,900	38,340,100	36,606,700	36,904,900
EXPENDITURES BY CLASS				
Personnel Cost	12,556,900	13,531,100	11,797,700	12,095,900
Operating Expenses	11,668,700	11,683,700	12,022,800	11,772,300
Debt Service	354,100	88,600		
Construction	12,683,300	12,933,800	12,683,300	12,933,800
TOTAL EXPENDITURES	37,263,000	38,237,200	36,503,800	36,802,000
EXPENDITURES BY FUND SOURCE				
Restricted Funds	37,263,000	38,237,200	36,503,800	36,802,000
TOTAL EXPENDITURES	37,263,000	38,237,200	36,503,800	36,802,000

The mission of the Equipment Services program area is to provide highway construction and maintenance equipment for use by the Department of Highways. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through the central office garage in Frankfort and a network of 16 repair garages located throughout the state.

**Transportation Cabinet
Vehicle Regulation**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Restricted Funds				
Balance Forward	2,533,800	3,283,100	2,533,800	3,283,100
Current Receipts	4,682,400	4,678,700	4,617,300	4,579,600
Total Restricted Funds	7,216,200	7,961,800	7,151,100	7,862,700
Federal Funds				
Current Receipts	842,700	894,700	842,700	894,700
Total Federal Funds	842,700	894,700	842,700	894,700
Road Fund				
Regular Appropriation	18,028,800	18,794,400	15,834,000	15,898,000
Total Road Fund	18,028,800	18,794,400	15,834,000	15,898,000
TOTAL SOURCE OF FUNDS	26,087,700	27,650,900	23,827,800	24,655,400
EXPENDITURES BY CLASS				
Personnel Cost	15,010,900	16,037,300	13,530,500	13,796,300
Operating Expenses	7,793,700	7,791,300	7,014,200	7,036,800
TOTAL EXPENDITURES	22,804,600	23,828,600	20,544,700	20,833,100
EXPENDITURES BY FUND SOURCE				
Restricted Funds	3,933,100	4,139,500	3,868,000	4,040,400
Federal Funds	842,700	894,700	842,700	894,700
Road Fund	18,028,800	18,794,400	15,834,000	15,898,000
TOTAL EXPENDITURES	22,804,600	23,828,600	20,544,700	20,833,100
EXPENDITURES BY UNIT				
Commissioner	2,396,600	2,502,500	1,866,700	1,884,200
Drivers Licensing	9,957,100	10,381,200	9,134,300	9,267,300
Motor Carriers	2,602,900	2,798,300	2,205,400	2,255,900
Motor Vehicle Licensing	6,914,700	7,169,300	6,470,100	6,547,500
Driver's Safety	82,000	82,000	82,000	82,000
Motor Vehicle Commission	851,300	895,300	786,200	796,200
TOTAL EXPENDITURES	22,804,600	23,828,600	20,544,700	20,833,100

The Department of Vehicle Regulation encompasses the Commissioner's Office and the following divisions: Driver Licensing, Motor Carriers, Motor Vehicle Licensing, and Driver Safety. The Motor Vehicle Commission is also administratively attached to the Department.

Under KRS Chapters 186, 187, 189A, 281A, and KRS 159.051, the Division of Driver Licensing maintains driver history records for approximately 3 million drivers. The Division issues licenses to commercial drivers who meet statutory requirements. The Division also enforces driver license suspensions, revocations, and driver limitation programs. It operates State Traffic School programs and the Kentucky Motorcycle Safety program, both of which promote driver safety and education.

The Division of Motor Carriers collects and processes fuel and highway use tax from commercial motor carriers, as authorized under KRS Chapter 138. Under KRS Chapter 186, it assigns apportioned license plates to interstate Kentucky motor carriers. In accordance with KRS Chapter 281, the division qualifies all for-hire transportation within the state. It is also responsible for permitting and routing overweight and over-dimensional loads (KRS 189.270), maintaining a solid-waste permitting system (KRS 174.450), and permitting and licensing U-Drive-It rental and leasing operations.

The Division of Motor Vehicle Licensing provides for the titling and registration of motor vehicles and boats in accordance with KRS Chapters 186, 186A, and 235. It maintains the Automated Vehicle Information System (AVIS) and controls title distribution functions. Registration and title applications are initiated through local county clerks' offices. KRS 186.240(3) requires a new plate issuance every five (5) years for plates that do not expire annually. A fifty-cent (\$.50) fee for each reflectorized plate issued is retained in a restricted fund to pay for the new plates.

The Division of Driver Safety conducts the Cabinet's statewide Child Passenger Safety Program. The mission is to educate and train parents, health departments, fire, police and other agencies and individuals in the proper installation of child seats, to provide for the safe transportation of children throughout the state.

Pursuant to KRS Chapter 190, the Kentucky Motor Vehicle Commission licenses and regulates motor vehicle manufacturers, dealers, and salespersons. It is funded through license fees that are deposited into a restricted fund account.

Policy

The Division of Vehicle Enforcement is responsible for enforcing state and federal laws and regulations pertaining to the operation of commercial motor vehicles within the Commonwealth of Kentucky. Vehicle Enforcement operates the state's 17 weigh/inspection stations (KRS 189.227) and provides enforcement coverage on related bypass routes. Executive Order 2004-730, approved on July 9, 2004, transferred the Division of Motor Vehicle Enforcement to the Justice and Public Safety Cabinet. The 2005 Session of the General Assembly adopted Senate Bill 39 which ratified the reorganization of the Transportation Cabinet and the transfer of the Division of Motor Vehicle Enforcement to the Justice and Public Safety Cabinet.

**Transportation Cabinet
Debt Service**

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
Road Fund				
Regular Appropriation	116,113,500	125,170,000	116,113,500	166,840,900
Total Road Fund	116,113,500	125,170,000	116,113,500	166,840,900
TOTAL SOURCE OF FUNDS	116,113,500	125,170,000	116,113,500	166,840,900
EXPENDITURES BY CLASS				
Debt Service	116,113,500	125,170,000	116,113,500	166,840,900
TOTAL EXPENDITURES	116,113,500	125,170,000	116,113,500	166,840,900
EXPENDITURES BY FUND SOURCE				
Road Fund	116,113,500	125,170,000	116,113,500	166,840,900
TOTAL EXPENDITURES	116,113,500	125,170,000	116,113,500	166,840,900
EXPENDITURES BY UNIT				
Toll Road Lease Rental	7,928,800	7,815,500	7,928,800	7,815,500
Resource Recovery Lease Rental	38,831,600	38,828,600	38,831,600	38,828,600
Economic Development Lease Rental	69,353,100	78,525,900	69,353,100	120,196,800
TOTAL EXPENDITURES	116,113,500	125,170,000	116,113,500	166,840,900

The Debt Service Program is the budget entity through which lease rental payments are made on the revenue bonds the Commonwealth has issued to finance major highway construction projects.

KRS Chapter 175 authorizes the Turnpike Authority of Kentucky to issue revenue bonds to construct, maintain, repair, and operate designated roads of the Toll Road System, the Resource Recovery Road System, and the Economic Development Road System. The first of these systems, the Toll Road System, was constructed during the mid-1960s and early 1970s. Most of the Toll Road bonds have now been retired, with the last remaining series to be paid off in 2007. The Resource Recovery Road System began in the late 1970s, and most of the system's roads were built during the 1980s. The most significant project was KY 80. The Economic Development Road System was established and funded through three series of bond issues: a \$300 million issue sold in 1984; a relatively small sale of \$36.6 million in 1987; and a \$600 million program which was implemented in bond sales during 1990, 1993, and 1995. The projects constructed with the \$600 million series were designated as "Revitalization Projects" and are nearly complete. The most recent issue was \$200 million of Economic Development Road Revenue Bonds authorized by the 1998 General Assembly and sold in 1999.

Through lease agreements with the Turnpike Authority of Kentucky, the Transportation Cabinet provides funds to pay the Toll Road, Resource Recovery Road, and most of the Economic Development Road revenue bonds. In the Debt Service Program, funds are reserved exclusively for semiannual lease rental payments to meet the principal and interest requirements of these outstanding bonds, along with any administrative costs of the Turnpike Authority.

Policy

The enacted budget authorized \$450,000,000 in Economic Development Road bonds to be issued in fiscal year 2005 with a complete year of debt service totaling \$41,904,000 appropriated in fiscal year 2006. The bond proceeds are divided between two programs with \$300 million authorized in the Highways unit and \$150 million in the Revenue Sharing unit.

The Debt Service Acceleration Fund account, pursuant to KRS 175.505, is suspended in the Budget of the Commonwealth during the 2004-2006 biennium. The funding made available by this suspension is directed to be used in the State Funded Construction program.

**Statewide
Budget Reserve Trust Fund**

SOURCE OF FUNDS	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
General Fund				
Continuing Appropriation	54,764,800	54,764,800	50,764,800	28,764,800
Total General Fund	54,764,800	54,764,800	50,764,800	28,764,800
TOTAL SOURCE OF FUNDS	54,764,800	54,764,800	50,764,800	28,764,800

The Budget Reserve Trust Fund is the Commonwealth's "Rainy Day Fund." KRS 48.705 provides for deposits to the Budget Reserve Trust Fund from direct appropriations, excess receipts, and unexpended appropriations, up to five percent of actual General Fund revenue receipts. These funds are appropriated and available in the event that actual General Fund revenue receipts during the biennium are not sufficient to meet the General Fund appropriation levels authorized in the budget. These funds are also available as a resource for Necessary Governmental Expenses when there is no General Fund surplus.

The Appropriations Bill (House Bill 267) enacted by the 2005 Regular Session of the General Assembly decreased the balance of the Budget Reserve Trust Fund from \$50,764,800 to \$28,764,800 in FY 2005. The Budget Reserve Trust Fund had previously been reduced by \$4,000,000 by Budget Reduction Order 04-01.

The General Fund Surplus Expenditure Plan within the 2004-06 Appropriations Act includes the Budget Reserve Trust Fund as one of five areas that may receive appropriations from any undesignated fund balance at the end of fiscal year 2005. The Plan limits the amount to be deposited into the Budget Reserve Trust Fund to a balance of 1.5 percent of estimated General Fund revenues.

Legislative Branch

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	40,616,400	40,616,400	40,939,400	41,370,500
Continuing Appropriation	10,878,500	6,251,800	9,878,500	5,251,800
Total General Fund	51,494,900	46,868,200	50,817,900	46,622,300
Restricted Funds				
Current Receipts	115,000	200,000	115,000	200,000
Total Restricted Funds	115,000	200,000	115,000	200,000
TOTAL SOURCE OF FUNDS	51,609,900	47,068,200	50,932,900	46,822,300
EXPENDITURES BY CLASS				
Personnel Cost	35,702,800	38,733,300	36,424,000	38,487,400
Operating Expenses	7,276,200	8,084,900	7,357,100	8,084,900
Capital Outlay	1,879,100	250,000	1,900,000	250,000
TOTAL EXPENDITURES	44,858,100	47,068,200	45,681,100	46,822,300
EXPENDITURES BY FUND SOURCE				
General Fund	45,243,100	46,868,200	45,566,100	46,622,300
Restricted Funds	115,000	200,000	115,000	200,000
TOTAL EXPENDITURES	45,358,100	47,068,200	45,681,100	46,822,300

The legislative powers of the Commonwealth of Kentucky are vested in the General Assembly and found in Sections 29 through 62 of the Kentucky Constitution. The purpose of the Legislature is to make the state's laws, to determine the duties and services of government, to provide for their execution, and to levy taxes and appropriate funds for the support of government operations.

The General Assembly, as specified by the Constitution, consists of 38 Senators and 100 Representatives, each representing districts as nearly equal as possible as prescribed by Section 33 of the Kentucky Constitution. Members of the House of Representatives are elected for two-year terms. Members of the Senate serve four-year terms, with one-half of the Senate elected every two years.

The Legislative Research Commission is a fact-finding and service agency for the Kentucky General Assembly. It is a statutory body created and maintained since 1948. The Commission is bipartisan and is composed of the leadership of both the House and Senate with the Senate President and House Speaker serving as co-chairman. The LRC staff provides research, bill drafting, and other administrative functions for the legislature.

House Bill 397 authorized funding for the major programs operating within the Legislative Branch of government. The appropriation units are the General Assembly and the Legislative Research Commission. The General Assembly appropriation is comprised of three programs, General Assembly, Kentucky Legislative Ethics, and Kentucky Long Term Planning and Research. The Legislative Research Commission appropriation is comprised of a single element, the Legislative Research Commission.

The above appropriation includes funds for the Legislators Retirement Plan in each fiscal year and provides for the continuation of the annual cost of living adjustment authorized for the 2004-2006 biennium. Notwithstanding KRS 6.190, and 6.213, the daily compensation provided by KRS 6.190 and the interim expenses allowance provided by KRS 6.213 for members of the General Assembly shall be authorized for the 2004-2006 biennium and shall continue as adjusted on January 1, 2005, and January 1, 2006, by the all urban consumer price index (CPI-U) not to exceed the cost-of-living provided to state employees in the state/executive branch budget but not less than zero percent per annum. Notwithstanding KRS 6.220, in lieu of stationery, there shall be allowed to each member of the House of Representatives the sum of \$250 and to each member of the Senate the sum of \$500. This allowance shall be paid out of the State Treasury at the beginning of the session.

Notwithstanding the provisions of KRS 45.229, any unexpended balance remaining at the close of fiscal year 2005 shall not lapse but shall continue into the 2006 fiscal year and any unexpended balance in any succeeding fiscal year shall not lapse, but shall continue into the following fiscal year.

House Bill 1, enacted in 2004 Special Session of the General Assembly, provided an additional General Fund appropriation of \$323,000 in fiscal year 2005 and \$646,000 in fiscal year 2006 for health insurance. Additionally, House Bill 267, enacted by the 2005 General Assembly, provided additional General Fund dollars of \$108,100 in fiscal year 2006 for health insurance.

Judicial Branch

	Requested FY 2005	Requested FY 2006	Enacted FY 2005	Enacted FY 2006
SOURCE OF FUNDS				
General Fund				
Regular Appropriation	241,001,000	278,919,500	220,255,700	232,048,900
Total General Fund	241,001,000	278,919,500	220,255,700	232,048,900
Restricted Funds				
Balance Forward	7,556,300	4,217,900	7,556,300	4,217,900
Current Receipts	4,233,200	4,277,500	4,803,100	5,455,200
Non-Revenue Receipts	5,724,700	5,680,400	5,154,800	4,502,700
Total Restricted Funds	17,514,200	14,175,800	17,514,200	14,175,800
Federal Funds				
Current Receipts	3,096,500	1,604,200	3,096,500	1,604,200
Total Federal Funds	3,096,500	1,604,200	3,096,500	1,604,200
TOTAL SOURCE OF FUNDS	261,611,700	294,699,500	240,866,400	247,828,900
EXPENDITURES BY CLASS				
Personnel Cost	161,835,400	176,364,800	155,393,300	166,966,900
Operating Expenses	93,450,100	115,546,800	80,375,900	79,982,700
Capital Outlay	2,108,300	2,787,900	879,300	879,300
TOTAL EXPENDITURES	257,393,800	294,699,500	236,648,500	247,828,900
EXPENDITURES BY FUND SOURCE				
General Fund	241,001,000	278,919,500	220,255,700	232,048,900
Restricted Funds	13,296,300	14,175,800	13,296,300	14,175,800
Federal Funds	3,096,500	1,604,200	3,096,500	1,604,200
TOTAL EXPENDITURES	257,393,800	294,699,500	236,648,500	247,828,900

The judicial powers of the Commonwealth of Kentucky are vested in one Court of Justice under Section 109 of the Kentucky Constitution. Fully implemented in 1978, the Court constitutes a Unified Judicial System for operation and administration. The purpose of the Kentucky Judicial Branch of government is to provide equal justice for all persons who become involved in the Kentucky court system through due process of law, administered without favor, denial or delay, and to carry out all provisions of the Judicial Article of the Constitution.

The Kentucky court system is a four-tiered system of adjudication including a Supreme Court, Court of Appeals, Circuit Court, and District Court. Moreover, in 2002, a constitutional amendment was approved formally sanctioning the creation of Family Courts. The goal of these courts is to hear and determine expeditiously all cases which may come before the Court of Justice to interpret the laws of the Commonwealth, make decisions and issue opinions related thereto.

The Circuit Clerks' offices in each county have as their goal the provision of an effective and manageable system of clerical support and maintenance of court records for the circuit and district courts.

The Administrative Office of the Courts, Juvenile Services, Pretrial Services, State Law Library, the ancillary boards and commissions, and the local court facilities program have the following goals:

To provide the administrative support necessary to carry on the operation of the Court of Justice and to have adequate personnel, facilities, equipment, and operating expenditures to carry out the Judicial Branch's constitutional and statutory responsibilities.

To ensure a system of financial management and accountability for the Court of Justice.

To carry on a continuous survey of the organization, operation, and other aspects of the Court of Justice and to make improvements thereof.

Funding for the Judiciary has been authorized via House Bill 396. House Bill 396 is the Judicial Appropriations Bill authorizing funds for major programs, Court Operations and Administration, Local Facilities Fund, and the Judicial Retirement Plan portion of the Judicial Form Retirement System.

In House Bill 1, enacted in the 2004 Special Session of the General Assembly, the Judicial Branch received an additional General Fund appropriation of \$2,000,100 in fiscal year 2005 and \$3,761,000 in fiscal year 2006 for health insurance and an additional cost-of-living adjustment effective January 1, 2005. Additionally, House Bill 267, enacted by the 2005 General Assembly, provided additional General Fund dollars of \$1,077,400 in fiscal year 2006 for health insurance.